Rowlett
TEXAS

2017
COMPREHENSIVE ANNUAL FINANCIAL REPORT

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Rowlett
TEXAS

City of Rowlett, Texas

Comprehensive Annual Financial Report

For the Fiscal Year Ended
September 30, 2017

Prepared by
Department of Financial Services

Rowlett
TEXAS

City of Rowlett, Texas

Comprehensive Annual Financial Report
For the Fiscal Year Ended September 30, 2017
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Introductory Section

Rowlett
TEXAS

Mayor ~ Tammy Dana-Bashian
Mayor Pro Tem – Martha Brown
Deputy Mayor Pro Tem ~
Debby Bobbitt
City Council ~
Robert Blake Margolis
Brownie Sherrill
Matt Grubisich
Pamela Bell
City Manager ~ Brian Funderburk

City of Rowlett
4000 Main Street
Rowlett, TX 75088

Phone **~ 972.412.6100**
Fax **~ 972.412.6118**

A unique community where families enjoy life and feel at home

February 9, 2018

To the Honorable Mayor, City Council, and Citizens of the City of Rowlett, Texas:

The Department of Financial Services and City Manager's Office are pleased to submit the Comprehensive Annual Financial Report ("CAFR") of the City of Rowlett, Texas for the year ended September 30, 2017.

The purpose of the report is to provide the City Council, City staff, Rowlett citizens, bond holders, and other interested parties with detailed information reflecting the financial condition and activities of the City. Responsibility for both the accuracy of the presented data and the completeness and fairness of the presentation, including all disclosures, rests with City management. We assert that the data, as presented, is accurate in all material respects and is organized in a manner which fairly presents the financial position and results of operations of the City.

City management is responsible for developing a comprehensive framework of internal control to provide reasonable, rather than absolute, assurance that the assets of the City are protected from loss, theft or misuse, and for the reliability of financial records when preparing the financial statements and maintaining accountability of assets. The concept of reasonable assurance recognizes that the cost of the control should not outweigh the benefits likely to be derived and that the evaluation of cost and benefit require estimates and judgements by management.

Weaver and Tidwell, L.L.P., an independent firm of certified public accountants, has issued an unmodified ("clean") opinion on the City of Rowlett's financial statements for the year ended September 30, 2017. The independent auditor's report is located at the front of the financial section of this report.

Management's discussion and analysis (MD&A) immediately follows the independent auditors' report and provides a narrative introduction, overview, and analysis of the basic financial statements. The MD&A and this letter are complimentary and should be read together.

Profile of the Government

The City of Rowlett is located 20 miles northeast of Dallas. Surrounded by more than 31 miles of shoreline on beautiful Lake Ray Hubbard, Rowlett is poised to capitalize on a remarkable community transformation, driven by the completion of the President George Bush Turnpike and the arrival of the DART "Blue Line" Light Rail Extension. Once a small farming community, the City has doubled in population over the past twenty years. It currently occupies 20.8 square miles and was the hometown choice to an estimated population of 61,999 for fiscal year 2017.

Rowlett voters approved a home rule charter in 1979 establishing a Council-Manager form of government, and empowering the City Council to levy a property tax on both real and personal property located within its boundaries. Under the Council-Manager form of government the Mayor and the City Council establish policy and law, and the City Manager handles the day-to-day management of the City organization. As a representative system, all power is concentrated in the elected City Council, and the Council then hires a professionally trained manager to oversee the delivery of public services. This system combines the strong political leadership of elected officials in the form of a council with the managerial experience of an appointed local government manager.

The City Council is elected at-large representing all residents within the City Limits. The Mayor and six Council members serve staggered three year terms creating a three-year cycle. The mayor and three Council positions are filled in one cycle, three Council positions are selected in the second cycle, and there is no election in the third cycle.

The City Manager is appointed by the City Council, and serves as the Chief Executive Officer of the city government. The City Manager is responsible for implementing the policy direction of the City Council in an efficient, effective, responsive, and responsible manner.

A full range of services is provided by the City. These services include general administration, police and fire protection, library services, recreational services, parks maintenance, public works and public utilities. Public works provides construction and maintenance of roadways and infrastructure, while public utilities provides water distribution, sewer collection, drainage, and sanitation services. Sewage treatment is provided by the City of Garland, and treated water is provided by the North Texas Municipal Water District (NTMWD). Waste Management provided sanitation collection for residential and commercial customers in fiscal year 2017. Beginning in fiscal year 2018, FCC will provide sanitation collection services for residential and commercial customers.

The City Council is required to adopt an annual operating budget no later than the beginning of the fiscal year. The process begins with the staff of each department submitting their revised expenditure estimates for the current year and their projections for the upcoming year. These expenditures are evaluated and combined with the projected revenues to formulate the City Manager's budget. This proposed budget is presented to the governing body. Through subsequent budget meetings and public hearings a final budget is developed and adopted by the City Council.

The budget is developed on a departmental level and adopted at the fund level. Department management generates monthly reports that detail expenditures and revenues on a departmental and line item level. This report presents a comparison of budgeted and actual expenditures, providing for the management review of budgetary compliance. Expenditures may not exceed the fund level budget without City Council approval. The City Manager has the authority to make budgetary changes up to the fund level.

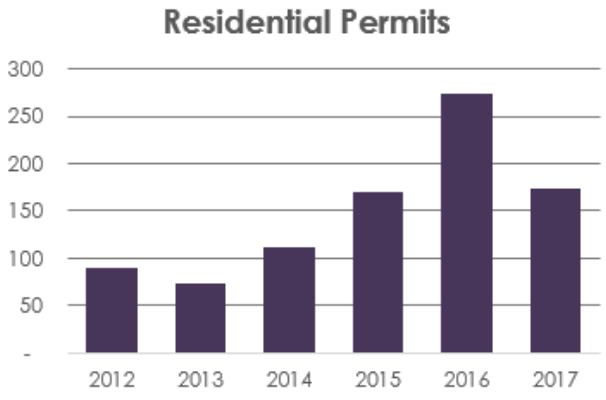
It is possible to amend the budget with City Council action to provide for any items that were unforeseen during the regular budget process. Most unexpended appropriations lapse at year-end; however, the City's financial policies specify that funds budgeted for capital purposes automatically carryover into the new year as well as operational purchases encumbered as of the last day of the fiscal year.

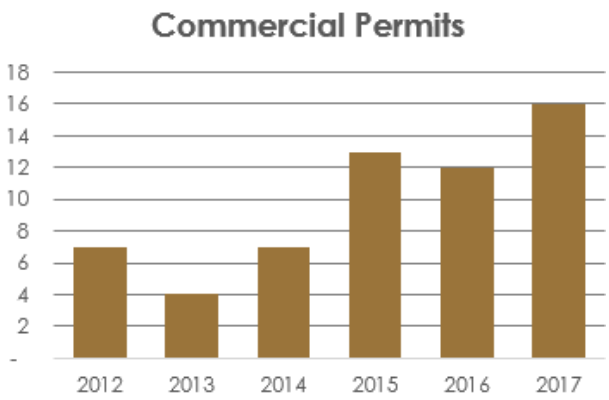
Rowlett takes its responsibilities to its citizens seriously and has received numerous accolades over the years that include:

- Top 25 Places to Live – Money Magazine
- #1 America's Best Small City to Move to – Movoto
- Top 50 Best Small Cities for Families – Nerd Wallet
- #3 Safest City in Texas (population over 50,000) – Value Penguin
- Top 100 Cities to Start a Business - How to Start an LLC
- #9 Safest City in Texas, 25th percentile in U.S. (population over 50,000) - Safehome.org
- One of only 257 cities in the U.S. listed as Playful City USA – KaBOOM!
- 4th City in Texas to receive all 5 Transparency Stars from the State of Texas Comptroller

Local Economy

Rowlett is a vibrant community situated on beautiful Lake Ray Hubbard. It offers a small town feel within one of the fastest growing metropolitan areas in the U.S. Since 2011, numerous transportation projects have transformed Rowlett, including the extension of the President George Bush Turnpike, which bisects the City, and the Downtown Rowlett Dallas Area Rapid Transit (DART) light rail station. To further capitalize on these enhancements, City and community leaders created a vision called Realize Rowlett 2020, providing a blueprint for quality, sustainable developments that establish a sense of place and encourage healthy living. Since that time, Rowlett has announced over $1.5 billion of unique projects and investments that will rival any development in the United States. Rowlett is also reaping the benefit of an improved housing market and new growth. New businesses have come to Rowlett bringing jobs and tax dollars as well. In the current fiscal year, residential building permits in Rowlett decreased largely over fiscal year 2016 due to the 2015 tornado, but have increased over the prior several years. The City anticipates continued increase in permits as more planned development begins. Commercial permits continued to reflect a strong pattern of growth as new construction added approximately $0.2 million in new taxable value to the tax rolls for FY2017.





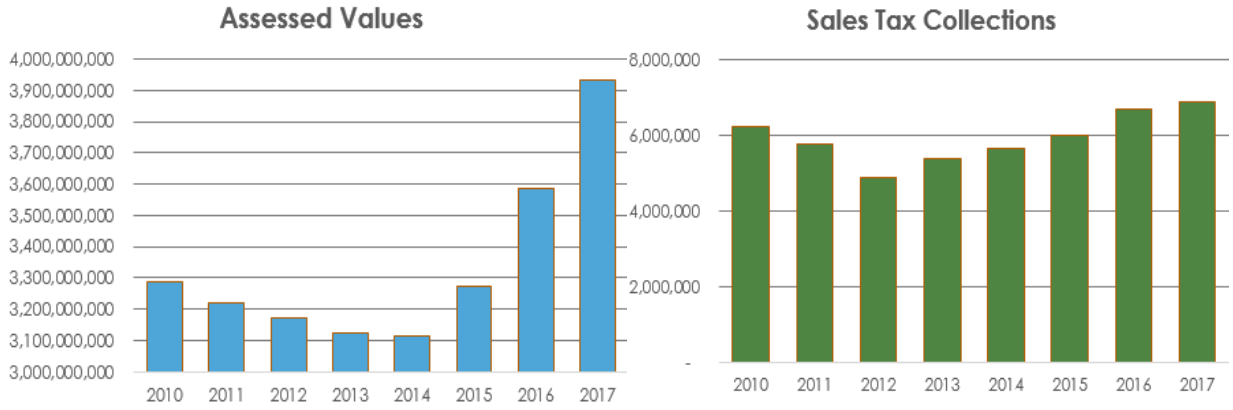
Economic development continues to provide phenomenal growth opportunities for Rowlett. Today, we have major, high-quality projects going vertical in every quadrant of the City. These projects include Homestead at Liberty Grove (Woodside Living), Harmony (North Shore), The Village of Rowlett (Downtown), Terra Lago (Healthy Living) and Bayside. While there are significant single-family projects underway in Rowlett, many of these new projects will add quality, high-end multi-family options providing an alternative "living" atmosphere. New businesses in Bayside will provide the types of employment opportunities in retail and entertainment not yet experienced in Rowlett. Both the Village of Rowlett and Bayside will truly create the after-hours feel that has not been previously available in Rowlett.

Rendering of the Village of Rowlett

We're Transforming!

Downtown Rowlett is seeing a renaissance of sorts with the addition of the Village of Rowlett project. This $35 million project includes 249 urban living units and 17,000 square feet of commercial space. It is located in the heart of downtown Rowlett and offers citizens a unique experience.

Since FY2015, the City has experienced a significant turnaround as the market in the DFW area restored property tax values back to pre-FY2010 levels. The FY2017 taxable property values (2016 tax levy) increased 9.7% over FY2016. Based on the newly released 2017 tax levy, the City will experience an additional increase of 11.4% for FY2018. Sales tax also reflected the positive economic growth the City is experiencing with an increase of 2.4% over previous year collections.



Rowlett's commitment to sustainable growth coupled with an educated and motivated workforce provides strong unemployment rates for the City of Rowlett at 3.4%, down from 3.7% in the previous year. In comparison, the State of Texas reported an average of 4.0%, and the national average is 4.1%. Rowlett's median household income is $85,565 with 32.8% of its residents holding at least a bachelor's degree, compared to the state average of $55,322 and 30.3%, respectively.

Relevant Financial Policies

The City has established reserve policies for its operating funds as follows:

Fund Type	Reserve Balance Requirement
Governmental	
General Fund	25%
Golf Fund	One Year Debt Service
Proprietary	
Water and Sewer Fund	90 Days Net Operating Expenses
Drainage Fund	10%
Refuse Fund	5%

The City's ability to maintain adequate reserves is critical to allowing flexibility in budgeting and responsiveness to unforeseen short term economic conditions. The City is proud to report that reserve balance requirements have been met or exceeded in the Drainage and Refuse funds as noted above. The City's General Fund fell short of the reserve requirement by 6% due to a 12% increase of the reserve balance requirement and it also fell short of meeting the new 90 days net operating expense reserve requirements in the Water and Sewer fund. It is the first year that these new aggressive requirements have been in place and the City is on its way to meeting the new standard in future years. The City's Golf fund fell short of the reserve requirement by 41.1% due to the fiscal year 2015 restructuring of the golf course operating contract.

Long-Term Financial Planning

Long-term planning, responsiveness to changing economic conditions, and community needs are key factors in maintaining Rowlett's fiscal health. Through the development of a Five Year Financial Strategy Plan and a Five Year Capital Improvement Plan, the City can maximize opportunities, establish priorities, and develop funding sources to ensure organizational sustainability while minimizing the effects of growth on the tax rate.

With a commitment to long-term planning, the City has been able to address financial imbalances and long-term liabilities over the past two years. Employee pay has been brought up to market to address a near crippling level of turnover while at the same time creating a five-year strategy to reduce long-term liabilities for accrued leave and other employee benefits. In addition, the City took action to improve parks maintenance standards, enhance community amenities, add critical dollars to neighborhood alleys, and begin to build cash reserves for economic development. The City also implemented a strategy to address its Utility Fund reserves after several years of revenue losses during the drought. As the benefits of development are realized over the next two to four years and the economy continues to grow, the City will truly be able to make significant progress to becoming economically diversified while meeting the growing service needs of our community.

The FY2018 Budget reflects this commitment to growth as appropriations increased $27.2 million, or 32%, compared to the FY2017 approved budget. The primary factors of financial significance are outlined below:

- Personnel Cost will increase $1.7 million
    - 2 part time positions will be added to meet the needs of senior citizen programs at the Rowlett Community Centre and provide additional customer service for refuse collection
    - Implementation of new pay plan to bring all employees to the mean of the market.
    - Continuation of the public safety step plan and a 3% COLA for non-public safety employees beginning October 1, 2017
    - Health insurance premiums are expected to increase by 10% and will be shared by the City and employees
- Water supply costs from North Texas Municipal Water District (NTMWD) will increase 9.7%. Overall, the budgeted water supply expense will increase $0.8 million.
- Key sustainability strategies include alley improvements, community enhancements and amenities, economic development, and the financial health of the Utility Fund

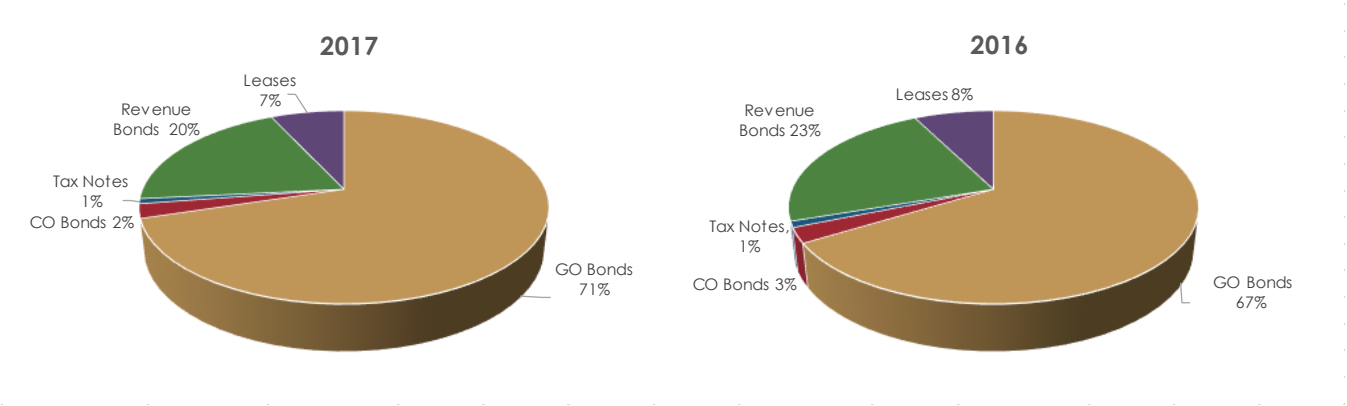
With the eruption of economic growth, Rowlett is embarking on an unprecedented level of development and service delivery. With growth comes the opportunity to address drought induced revenue shortfalls, aging infrastructure, revitalization of neighborhoods, and enhancement of our community amenities and assets.

During the four year period of FY2012 - FY2015, Rowlett's Utility Fund sustained losses in revenues due to water restrictions stemming from the significant regional drought. Through a commitment to long term planning, the City implemented an aggressive and sustainable strategy of balancing capital investment with operational costs, and eliminating transfers to reinvest those dollars in the system. Through this strategy, the Utility Fund has become more financially sound, infrastructure needs have been met, and the bonding capacity is on track to address an explosively growing community.

The Five Year Capital Improvement Plan (CIP) totals $119.2 million and consists of a comprehensive list of carefully selected and coordinated capital improvement projects in public works, public safety, parks and recreation, water and wastewater, and capital equipment. All investments are necessary to accomplish Rowlett's long-range goals and policies, and are balanced against realistic revenue projections as well as staff capacity. The model also addresses the recommendations of the CIP Task Force formed in FY2014, implementing the projects approved in the FY2015 bond election, and the three year planned bond elections that will leverage the debt capacity resulting from retiring debt.

As a continuation of the three-year bonding strategy, the City is proposing a 2018 General Obligation bond referendum to the citizens. As outlined in the CIP Overview, the Community Investment Advisory Board (CIAB) has begun gathering information regarding community needs, citizen desires, and service expansion. The issuance of these bonds will provide a steady Debt Service tax rate. This is possible due to rapidly declining debt, increasing values, and new investment added to the tax rolls. At September 30, 2017, the City had various debt issues outstanding totaling $105.6 million exclusive of premiums, discounts, or deferred losses. Of this total, $70.6 million is supported by a combination of ad valorem taxes and governmental operations. Revenues from the enterprise funds support $35.0 million, including $11.2 million for the enterprise portions of general obligation refundings.

As of September 30, 2017, the breakdown of outstanding debt by type is as follows:



As of September 30, 2017, Rowlett's bond ratings are as follows:

	General Obligation & Certificates of Obligation	Revenue Bonds
Standard & Poor's	AA	A+
Moody's Investor Service	Aa2	Aa3

Major Initiatives

For the Year: The City issued $10.9 million in General Obligation Bonds to fulfill phase three of the May 2015 bond election. This phase primarily funds the continuation of street, parks and public safety projects commencing in phase one and two.

After many years of planning, preparation, and construction of water infrastructure projects, the City's Upper Pressure Plane (UPP) was finally implemented in July 2017. The City's water distribution system previously contained just one pressure plane across the City limits, which varies in topography elevation by as much as 115 feet between the northwest quadrant of the City to the southeast quadrant of the City. Historically, this means that in the higher elevation portions of the City, the water pressure was substantially lower than the lower elevations of the City. Engineering studies completed in 2007 through 2010 identified the need for two pressure planes to address the long-standing inconsistencies in water pressure. A plan was developed to keep a minimum of 45 pounds per square inch during the peak demand conditions. This involved the installation of approximately $15 million in water infrastructure projects, including large diameter water lines, water pumping station upgrades, and the construction of the Main Street Elevated Storage Tank. The implementation of the UPP was a huge undertaking and a great success for the City to provide sustainable water pressure to all areas of the City.

The City also made substantial investment in major construction projects and acquisitions during FY2017, including $0.7 million in water improvements, $0.6 million in sewer improvements, $0.7 million in park improvements, $1.6 million in street improvements, $0.5 million for the purchase of land for the public safety training center and radio tower, $0.4 million for public safety, public works and meter motor vehicles, and $0.4 million in renovations to the Rowlett Community Center. These amounts include $0.5 million of contributions from developers.

For the Future: Due to current growth and development, the City expects to receive an 11.4% increase in assessed property values. With this increase, the City approved a one-cent property tax rate cut for FY2018, lowering the rate from $0.787173 to $0.777173 per $100 in taxable value.

As part of the continued planning for the 2018 bond election, the City created the Community Investment Advisory Board (CIAB), a permanent citizen committee tasked with assessing, evaluating and prioritizing potential project for future capital improvements.

Using a strategy first employed in May 2015, the chosen improvements would be partially or fully funded by utilizing general obligation bond referendums voted on by Rowlett's citizens every three years (FY2015, FY2018, FY2021, etc), with each successful bond referendum resulting in three consecutive annual bond issues. Each bond issue would address the projects approved and would manage the resources available for the construction process, potentially minimizing administrative holding costs.

In 2004 the City adopted the current Strategic Plan. Since that time, the face of Rowlett has changed dramatically: the population has increased, resulting in additional traffic and demand for services; it added the 262-acre peninsula known as Bayside; and the City survived the difficult circumstances of a severe economic downturn, one of the most severe droughts in history, and a devastating EF4 tornado. With the multitude of growth and changes that occurred, the vision Rowlett had thirteen years ago needs to be reassessed, and our strategic priorities must align with that new vision. Therefore, the City will engage community leaders, residents, and businesses to develop a new comprehensive strategic plan that focuses on aligning strategic priorities with community desires, frames the roadmap for how to achieve the vision, and provides public accountability for outcomes, goals, and objectives.

As referenced earlier, the Bayside development will put Rowlett on the map as a destination. With an expected build out to occur over eight to ten years, it is expected to add nearly one billion dollars in new taxable value, and nearly $150 million in revenue from property, sales and hotel occupancy taxes over the next twenty years. Bayside alone would be a fantastic story; however, Rowlett also has other major projects under construction in every quadrant of the City.

Over the next five years, these projects will add an additional $800-$950 million in new investment, potentially adding $10-$15 million in property taxes alone. This level of growth also creates new challenges. Long-term planning will require the City to strategically balance demand on time and resources in conjunction with addressing capital infrastructure needs.

Awards and Acknowledgements

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Rowlett for its CAFR for the fiscal year ended 2016. This is the thirteenth consecutive year that the City has received this prestigious award. In order to be awarded a Certificate of Achievement, the City had to publish an easily readable and efficiently organized CAFR that satisfies both generally accepted accounting principles and applicable legal requirements. A Certificate of Achievement is valid for a period of one year only. The City believes its current CAFR continues to meet the Certificate of Achievement Program's requirements and is submitting it to the GFOA to determine its eligibility for another certificate.

In addition, the City also received the GFOA's Distinguished Budget Presentation Award for its annual budget for the fiscal year beginning October 1, 2016. In order to receive this award, a governmental unit must publish a budget document that meets program criteria of a policy document, an operations guide, a financial plan, and a communication device.

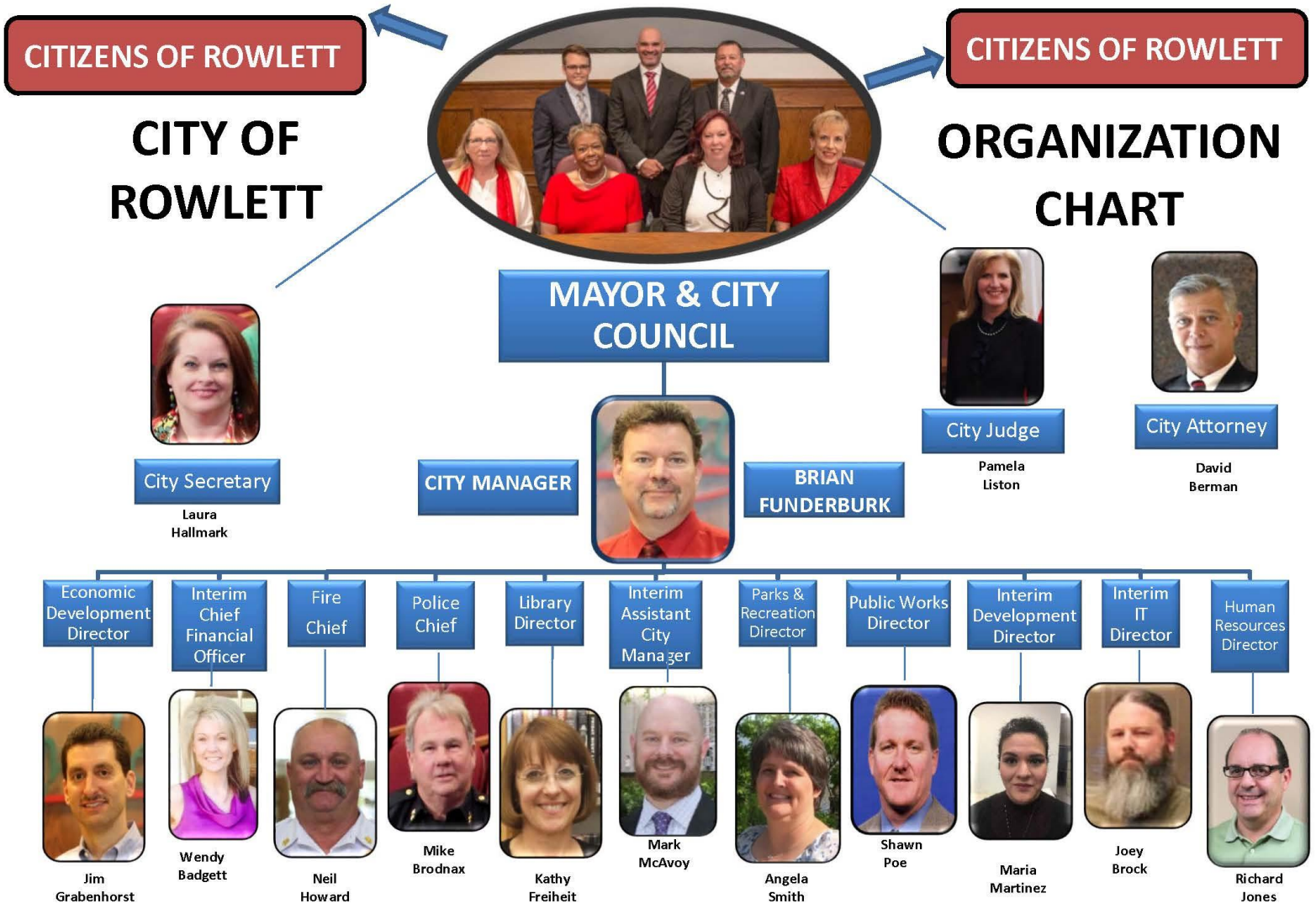
The preparation of this report would not have been possible without the dedicated service of the entire staff of the Financial Services department. We wish to express our appreciation to all members of the department. We would also like to thank the Mayor and City Council members for their interest and trustworthy support for maintaining the highest standards of professionalism in the management of the City of Rowlett and for conducting the financial operations in a responsible and progressive manner.

Respectfully submitted,

Brian Funderburk
City Manager

Wendy Badgett
Interim Director of Financial Services

ORGANIZATION CHART



City Of Rowlett

List of Principal Officials

City Council

Tammy Dana-Bashian ..... Mayor
Martha Brown ..... Mayor Pro-tem
Debby Bobbitt ..... Deputy Mayor Pro-tem
Robert Blake Margolis ..... Councilmember
Brownie Sherrill ..... Councilmember
Matt Grubisich ..... Councilmember
Pamela Bell ..... Councilmember

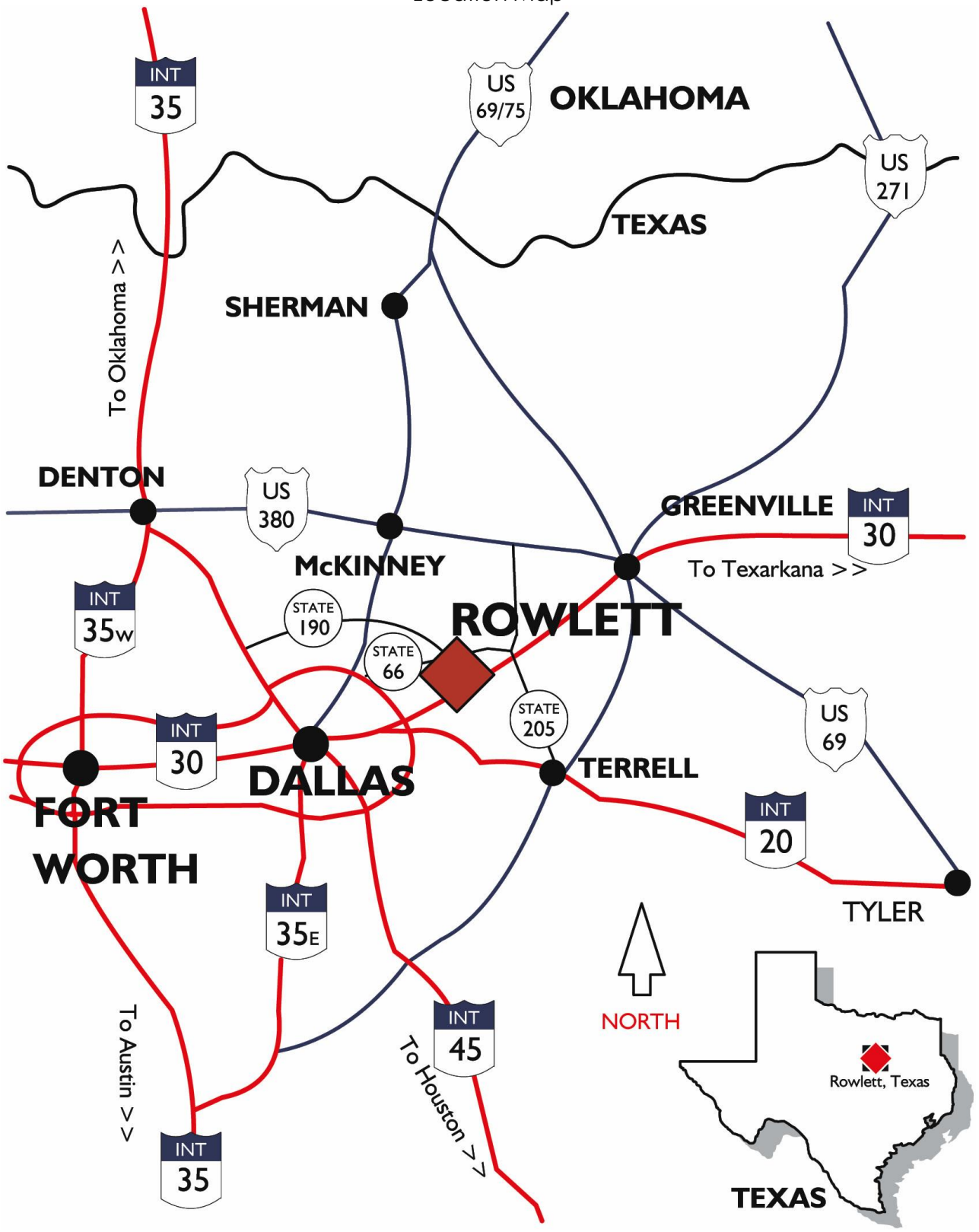
APPOINTED OFFICIALS

Brian Funderburk ..... City Manager
David Berman ..... City Attorney
Laura Hallmark ..... City Secretary
Pamela Liston ..... Municipal Judge
Amy Thomas ..... City Prosecutor

MANAGEMENT TEAM

Mark McAvoy ..... Interim Assistant City Manager
Jim Grabenhorst ..... Economic Development
Wendy Badgett ..... Financial Services
Neil Howard ..... Fire Rescue
Angie Smith ..... Parks and Recreation
Maria Martinez ..... Development
William Brodnax ..... Police
Richard Jones ..... Human Resources
Shawn Poe ..... Public Works
Kathy Freiheit ..... Library
Joey Brock ..... Information Technology

City Of Rowlett
Location Map



Government Finance Officers Association

Certificate of Achievement for Excellence in Financial Reporting

Presented to

City of Rowlett

Texas

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

September 30, 2016

Christopher P. Morrill

Executive Director/CEO

Rowlett
TEXAS

Financial Section

Rowlett
TEXAS

weaver
Assurance • Tax • Advisory

Independent Auditor's Report

Honorable Mayor and Members of City Council
City of Rowlett, Texas

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Rowlett, Texas (the City), as of and for the year ended September 30, 2017, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City, as of September 30, 2017, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and required supplementary information, as listed in the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The introductory section, other supplementary information, and statistical section, as listed in the table of contents, are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The other supplementary information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the other supplementary information is fairly stated in all material respects in relation to the basic financial statements as a whole.

The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Honorable Mayor and Members of City Council
City of Rowlett, Texas

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated February 8, 2018, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

WEAVER AND TIDWELL, L.L.P.

Dallas, Texas
February 8, 2018

Rowlett
TEXAS

Management's Discussion and Analysis

Rowlett
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Management's Discussion and Analysis

Our discussion and analysis of the City of Rowlett's financial performance provides an overview and analysis of the City's financial activities for the fiscal year ended September 30, 2017. Please read it in conjunction with the accompanying transmittal letter and the accompanying basic financial statements. All amounts, unless otherwise indicated, are expressed in millions of dollars.

FINANCIAL HIGHLIGHTS

- The assets and deferred outflows of the City exceeded its liabilities and deferred inflows as of September 30, 2017 by $152 million (net position). Of this amount, $129 million (85%) is net investment in capital assets and $7 million (5%) is restricted for specific purposes. The remaining $16 million (10%) is unrestricted and may be used to meet the City's ongoing obligations to citizens and creditors in accordance with the City's fund designation and fiscal policies.
- The City's net position of governmental activities increased by $9 million. Property tax revenues are higher over the prior year by $2 million as a result of higher assessed property values. Capital grants and contributions exceeded prior year by $6 million, primarily due to contributions related to the Bayside development. Expenses decreased by $2 million primarily due to the prior year's costs of the December 2015 tornado.
- As of September 30, 2017, the City's governmental funds reported combined ending fund balances of $41 million, an increase of $12 million when compared to the prior year. With expenditures exceeding revenues by $4 million, this increase was primarily due to $11 million in net bond issuance activity sources and $2 million of net transfers in. Within total fund balance, $25 million (61%) is restricted by specific legal requirements, $8 million (20%) is assigned to specific types of expenditures, and $0.2 million (1%) is non-spendable as it relates to prepaids and inventories. The remainder of the fund balance, $7 million (18%), is unassigned in the general and special revenue funds. The $7 million unassigned fund balance in the general fund is approximately 21% of total general fund expenditures.
- The City's outstanding debt increased $1 million, consisting of the issuance of $11 million in general obligation debt offset by existing debt retirements.

Overview of the Financial Statements

Management's discussion and analysis is intended to serve as an introduction to the City of Rowlett's basic financial statements. The City's basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the basic financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

Government-wide Financial Statements. The government-wide financial statements are designed to provide readers with a broad overview of the City's finances, in a manner similar to private-sector business.

The statement of net position presents information on all of the City's assets and deferred outflows, and liabilities and deferred inflows with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the City of Rowlett is improving or deteriorating. The statement of net position combines and consolidates governmental and business type funds current financial resources (short-term spendable resources) with capital assets and long-term obligations. While helpful, other non-financial factors should also be taken into consideration, such as changes in the City's property tax base and the condition of the City's infrastructure (i.e. roads, drainage improvements, storm and sewer lines, etc.), to assess the overall health or financial condition of the City.

The statement of activities presents information showing how the City's net position changed during the most recent fiscal year. All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g. uncollected taxes and earned but not used vacation leave).

In the statement of net position and the statement of activities, the City is divided into two types of activities:

- Governmental activities – Most of the City's basic services are reported here, including the police, fire, libraries, community development, recreation operations, public works, and general administration. Property taxes, sales taxes, and franchise fees finance most of these activities.
- Business-type activities – The City charges a fee to customers to fund all or most of the cost of certain services it provides. The City's water and sewer system, refuse system, and municipal drainage system are reported here.

The government-wide financial statements can be found on pages 23-25 of this report.

Fund Financial Statements – A fund is a self-balancing set of accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the City can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

Governmental funds – Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be used in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide statements, it is useful to compare the information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The City of Rowlett maintains twelve individual governmental funds. Information is presented separately in the governmental funds balance sheet and in the governmental funds statement of revenues, expenditures, and changes in fund balances for the general fund, debt service fund and the capital projects fund, all of which are considered to be major funds. Data from the other nine governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these non-major governmental funds is provided in the form of combining statements elsewhere in this report.

The basic governmental funds financial statements can be found on pages 26-29 of this report.

Proprietary funds – The City maintains two different types of proprietary funds. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The City uses enterprise funds to account for its water and sewer operations, refuse services and municipal drainage. Internal service funds are an accounting device used to accumulate and allocate costs internally among the City's various functions. The City uses its internal service funds to account for its self-insurance program.

Because these services predominantly benefit governmental rather than business-type functions, they have been included within the governmental activities in the government-wide financial statements.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for the Water and Sewer, Refuse, and Drainage funds, since they are all considered to be major funds of the City. The internal service fund is presented in the proprietary fund financial statements.

The basic proprietary fund financial statements can be found on pages 30-34 of this report.

Fiduciary funds – Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reported in the government-wide financial statements because the resources of those funds are not available to support the City's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds.

The basic fiduciary fund financial statements can be found on pages 35-36 of this report.

Notes to the Financial Statements – The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

The notes to the financial statements can be found on pages 37-71 of this report.

Other Information – In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the City's progress in funding its obligation to provide pension and health benefits to its employees and retirees.

The required supplementary information can be found on pages 73-78 of this report.

The combining statements referred to earlier, in connection with nonmajor governmental funds, are presented immediately following the required supplementary information.

Other supplementary combining and individual fund statements and schedules can be found on pages 79-94 of this report.

Government-Wide Financial Analysis

As noted earlier, net position over time, may serve as a useful indicator of a government's financial position. The City's combined net position was $152 million as of September 30, 2017.

CITY OF ROWLETT'S NET POSITION

(in thousands)

	Governmental Activities		Business-type Activities		Total Government	
	2017	2016	2017	2016	2017	2016
Current and other assets	$ 47,064	$ 35,662	$ 19,822	$ 20,096	$ 66,886	$ 55,758
Capital assets	108,041	104,838	106,592	104,794	214,633	209,632
Total assets	155,105	140,500	126,414	124,890	281,519	265,390
Deferred outflows	8,682	10,382	2,201	2,509	10,883	12,891
Current liabilities	4,620	4,672	2,787	3,051	7,407	7,723
Noncurrent liabilities	93,918	89,965	38,277	43,248	132,195	133,213
Total liabilities	98,538	94,637	41,064	46,299	139,602	140,936
Deferred inflows	337	571	26	47	363	618
Net position:						
Net investment in capital assets	56,615	49,737	72,740	67,798	129,355	117,535
Restricted	3,372	2,815	3,734	3,841	7,106	6,656
Unrestricted	4,925	3,122	11,051	9,414	15,976	12,536
Total net position	$ 64,912	$ 55,674	$ 87,525	$ 81,053	$ 152,437	$ 136,727

By far, the largest portion of the City's net position (85%) reflects its investment in capital assets (e.g., land, buildings, machinery, equipment, vehicles, and infrastructure) less any related outstanding debt used to acquire those assets. The City uses these capital assets to provide a variety of services to its citizens.

Accordingly, these assets are not available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

An additional portion of the City's net position (5%) represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net position (10%) may be used to meet the government's ongoing obligations to citizens and creditors.

At the end of the current fiscal year, the City is able to report positive balances in all three categories of net position, both for the government as a whole, as well as for its separate governmental and business-type activities. The same situation held true in the prior fiscal year.

The City of Rowlett's overall net position increased by $15.7 million during the current fiscal year. Details are listed below and discussed on pages 11-13.

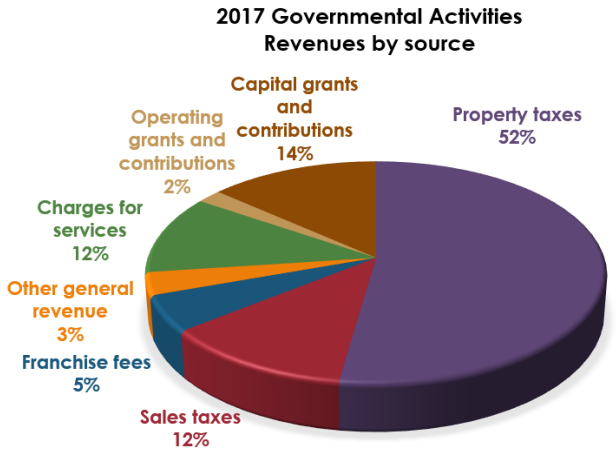
CITY OF ROWLETT'S CHANGES IN NET POSITION

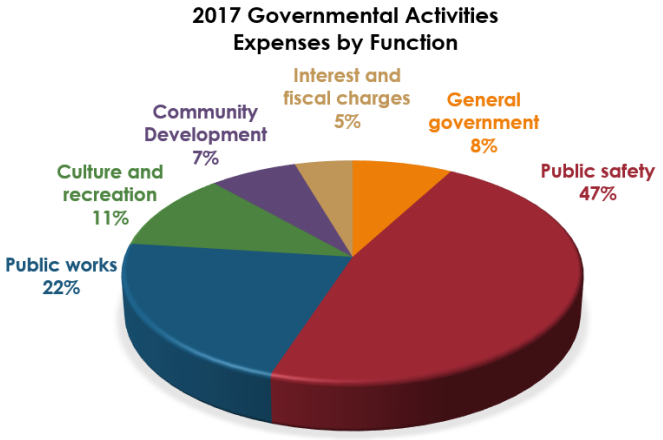
(in thousands)

	Governmental Activities		Business-type Activities		Total Government	
	2017	2016	2017	2016	2017	2016
Revenues						
Program revenues						
Charges for services	$ 6,539	$ 6,541	$ 34,184	$ 32,793	$ 40,723	$ 39,334
Operating grants and contributions	1,135	2,036	-	-	1,135	2,036
Capital grants and contributions	7,723	1,852	5,102	7,203	12,825	9,055
General revenues						
Property taxes	29,725	27,487	-	-	29,725	27,487
Sales taxes	6,869	6,705	-	-	6,869	6,705
Other taxes	186	175	-	-	186	175
Franchise fees	3,005	3,146	-	-	3,005	3,146
Investment income	236	141	58	61	294	202
Gain on sale of assets	-	-	64	371	64	371
Other	1,449	2,557	273	13	1,722	2,570
Total revenues	56,867	50,640	39,681	40,441	96,548	91,081
Expenses						
General government	4,010	8,661	-	-	4,010	8,661
Public safety	23,615	23,497	-	-	23,615	23,497
Public works	10,949	10,172	-	-	10,949	10,172
Culture and recreation	5,690	5,518	-	-	5,690	5,518
Community development	3,532	2,364	-	-	3,532	2,364
Interest on long-term debt	2,314	2,313	-	-	2,314	2,313
Water and sewer	-	-	24,873	25,019	24,873	25,019
Refuse	-	-	3,998	3,835	3,998	3,835
Drainage	-	-	1,857	1,781	1,857	1,781
Total expenses	50,110	52,525	30,728	30,635	80,838	83,160
Increase (decrease) in net assets before transfers	6,757	(1,885)	8,953	9,806	15,710	7,921
Transfers	2,481	3,353	(2,481)	(3,353)	-	-
Increase in net position	9,238	1,468	6,472	6,453	15,710	7,921
Net position, beginning	55,674	54,206	81,053	74,600	136,727	128,806
Net position, ending	$ 64,912	$ 55,674	$ 87,525	$ 81,053	$ 152,437	$ 136,727

Governmental Activities

Governmental activities increased the City's net position by $9.2 million. Governmental activities net investment in capital assets increased $6.9 million, and restricted net position increased $0.6 million. Unrestricted net position increased $1.8 million as a result of operations.





Total revenues for governmental activities, exclusive of transfers, were $56.9 million in fiscal year 2017, up $6.2 million from the previous year. The most significant revenue source is property tax revenue which represents $29.7 million or 52% of the total. The key elements of the increase is as follows:

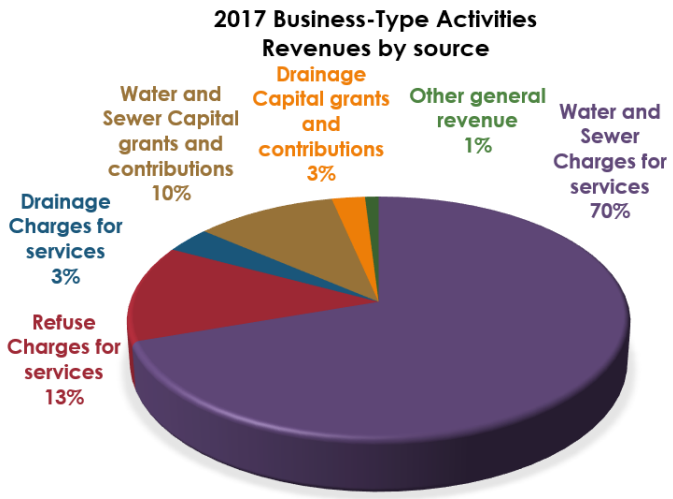
- In General Revenues, property taxes increased $2.2 million as a result of a 9.7% increase in certified taxable value over the prior year. Miscellaneous revenues decreased $1.1 million due to payments from insurance in response to the December 26, 2015 tornado in the prior year.

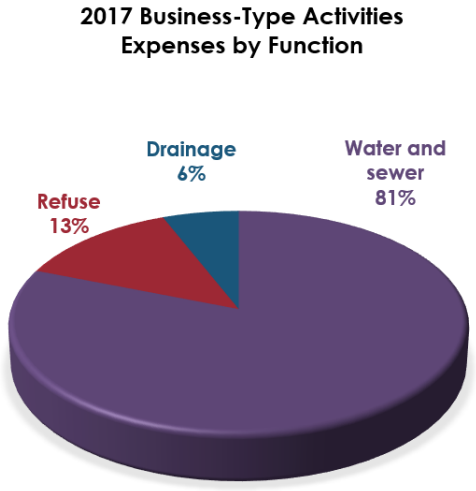
- In Program Revenues, capital grants and contributions increased $5.9 million primarily due to culture and recreation developer contributions for construction related to the Bayside development. Operating grants and contributions decreased $0.9 million as a result of the majority of the federal funding in response to the tornado in the prior year.

Overall, governmental activities expenses were $50.1 million in fiscal year 2017, down $2.4 million from the previous year primarily as a result of $3 million in tornado disaster recovery costs incurred in the prior year. The most significant governmental expense for the City is providing public safety for the community, which incurred expenses of $23.6 million, or 47% of total expenses. Public safety expenses are partially offset by revenues collected from a variety of sources, with the largest being from court fines totaling $0.9 million.

Business-type Activities

Business-type activities increased the City's net position by $6.5 million. Business type activities net investment in capital assets increased $4.9 million. Restricted net position decreased $0.1 million and unrestricted net position increased $1.6 million.





Revenues of the City's business-type activities were $39.7 million for the fiscal year ending September 30, 2017, down $0.8 million from the prior year. Total operating expenses for the City's business-type activities were $30.7 million, up $0.1 million when compared to the prior year. The breakdown of these fluctuations are as follows:

- The City's water and sewer system accounts for 70% of the business-type program revenues and 81% of the business-type expenses. The water and sewer activity operated with charges for services exceeding expenses by $2.8 million. Charges for services increased over the prior year by $1.1 million as a result of a 10% increase in usage rates. At $12.0 million, or 48% of total expenses, water supply and wastewater treatment costs are the most significant expense of this fund. The fund also received $3.3 million in developer contributions and $0.9 million in impact fees.

- The City's refuse activity operated with charges for services exceeding expenses by $1.1 million, consistent with prior year activity.

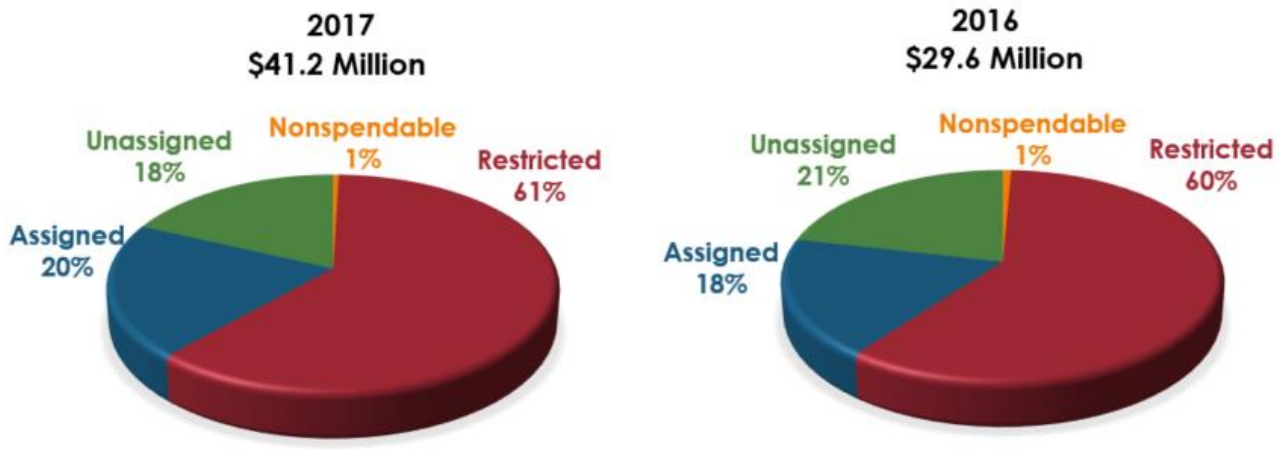
- The City's drainage activity operated with expenses exceeding charges for services by $0.5 million, consistent with the prior year. At 61% of total expenses, the largest cost to the drainage activity is depreciation, at $1.1 million for the current year.

Financial Analysis of the City's Funds

As noted earlier, the City uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental Funds: The focus of the City's governmental funds is to provide information on the near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the City's financing requirements. In particular, unassigned fund balance may serve as a useful measure of a government's net resources available for spending in the next fiscal year.

At the end of the current fiscal year, the City's governmental funds reported combined ending fund balances of $41.2 million. Within this total, $0.2 million is non-spendable for prepaid and inventories, $25.3 million is restricted by specific legal requirements, such as by debt covenants, capital projects and specific purposes, and $8.3 million has been assigned to specific types of expenditures. The remainder of the fund balance, $7.5 million or 18%, constitutes unassigned fund balance of $7.8 million in the general fund that can be used for any lawful purpose, and a deficit fund balance of $0.3 million in the grant, TIF, and disaster special revenue funds. The fund balance for all governmental funds increased $11.6 million primarily due to the issuance of capital project bonds during the year.



The general fund is the chief operating fund of the City. The net change in fund balance for the general fund was an increase of $0.9 million for the current year. Key factors in this increase are as follows:

- Expenditures decreased slightly, by $0.1 million. Overall, current operating expenses increased $1.2 million, primarily due to a 3% across the board pay increase for all employees. This increase was offset by a $1.1 million decrease in capital outlay expenditures in the current year with the purchase of several vehicles and the completion of the financial system upgrade in the prior year.

- Revenues increased $1.5 million primarily due to increased property taxes based on higher certified taxable values, in addition to increased charges for services as a result of multiple large construction developments during the year. Sales tax collections increased as well.

- Other financing sources decreased $1.5 million mainly attributable to a budgeted change in transfers including the discontinuation of the PILOT transfer in from the water and sewer fund, and an increase in transfer out to fund capital projects. The City received $1.4 million in proceeds from the sale of land and transferred it to the capital projects fund for a future project.

The debt service fund has a total fund balance of $0.6 million, all of which is legally restricted for the payment of debt service. The fund balance increased over prior year by $0.5 million due to a $0.026750 increase in the allocation to the debt rate.

The capital projects fund has a total fund balance of $28.2 million, of which $28.1 million is restricted for the acquisition or construction of capital facilities and assets. The non-spendable amount of $43 thousand represents inventories. Fund balance increased $9.3 million over the prior year primarily due to the final debt issue of the May 2015 bond election, yielding $11.4 million in proceeds. The capital projects fund expended $6.9 million in fiscal year 2017, an increase of $1.2 million from 2016 expenditures, as the City added additional focus on street, alley and sidewalk projects.

Proprietary Funds: The City's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail.

- Net position of the City's Water and Sewer fund is $65.2 million, of which $52.3 million is net investment in capital assets, $3.7 million is restricted for debt service, and $9.1 million is unrestricted. The fund's net position increased $6.0 million in the current year. As noted earlier in the discussion of business-type activities, charges for services increased over the prior year by $1.1 million as a result of a 10% increase in usage rates. Additionally, capital contributions related to the Bayside, Evergreen at Rowlett, Dalrock Crossing and Starbucks developments totaling $3.2 million and $0.9 million in impact fees were recorded. The water and sewer system expenses remained consistent with the prior year, at $24.2 million.

- Net position of the City's Refuse fund is $0.7 million, of which $24 thousand is net investment in capital assets and the remaining $0.6 million is unrestricted. Change in net position for the Refuse fund was an increase of $105 thousand.

- Net position of the City's Drainage fund is $21.7 million, of which $20.4 million is net investment in capital assets and $1.3 million is unrestricted. Net position for the Drainage fund increased $0.4 million as a result of increased capital contributions related to the Bayside development.

General Fund Budgetary Highlights

Original budget compared to final budget: During the year, Council approved a budget amendment recommended by staff, resulting in a $0.4 million decrease to the fund balance originally adopted. Specifically, revenue estimates were reduced by $0.4 million, including adjustments to property tax and miscellaneous revenues, and appropriations were reduced by $64 thousand. Additionally, the City had some insignificant adjustments, including reallocating appropriations among departments.

Final budget compared to actual results: For fiscal year 2017, actual revenues were $38.0 million compared to the final budget of $37.9 million. Property tax collections, franchise fees and license and permits came in lower than expected, but were offset by development related charges for services that exceeded expectations. Actual expenditures were $36.1 million compared to the final budget amount of $37.4 million primarily as a result of salary savings, the timing of the purchase of replacement vehicles, and unfinished projects at year end. Additionally, the City received unbudgeted proceeds from the sale of land, which was transferred to the Capital Projects fund for a future project. Fund balance at year end was $8.8 million, $1.3 million more than budgeted as a result of the aforementioned variances.

Capital Assets and Debt Administration

Capital Assets: The City's net investment in capital assets for its governmental and business-type activities as of September 30, 2017, amounts to $215 million (net of accumulated depreciation). This investment in capital assets includes land, buildings, park facilities, machinery, equipment, vehicles, roads, bridges, water and sewer lines, and construction in progress. The total increase in capital assets, net of accumulated depreciation, for the current fiscal year was $5.0 million or 2.4%.

Capital Assets at Year-End
(Net of Depreciation, in Thousands)

	Governmental Activities		Business-type Activities		Total Government	
	2017	2016	2017	2016	2017	2016
Land	$ 29,488	$ 29,106	$ 1,010	$ 942	$ 30,498	$ 30,048
Buildings and improvements	17,548	18,141	584	615	18,132	18,756
Machinery and equipment	6,552	8,455	3,565	4,509	10,117	12,964
Infrastructure	39,738	42,576	83,860	88,124	123,598	130,700
Construction in progress	14,715	6,560	17,573	10,604	32,288	17,164
Total	$ 108,041	$ 104,838	$ 106,592	$ 104,794	$ 214,633	$ 209,632

This year's major construction projects completed and capital acquisitions included:

Miller Road/Rowlett Creek Bridge	$ 689,293
Wetzone Water Park Improvements	660,029
Edgewater Lift Station	609,864
Public Safety Training Center	482,046
SH66 @ PGBT Frontage Intersection	387,298
16" Water Line SH66 / Rowlett Road	384,311
Motor Vehicles	366,263
Rowlett Community Center Renovations	357,331
Bullit Training / Princeton Road to Liberty Grove	303,436
Evergreen - Developer Contribution	267,667
Dalrock Crossing - Developer Contribution	258,621
	$ 4,766,159

For more information related to capital assets, see Note 6 to the basic financial statements.

Long-Term Debt: At year-end, the City had $99.6 million in general obligation bonds, certificates of obligation, tax notes and revenue bonds outstanding as compared to $98.5 million at the end of the prior fiscal year, an increase of $1.1 million.

Outstanding Debt at Year End
(in thousands)

	Governmental Activities		Business-type Activities		Total Government	
	2017	2016	2017	2016	2017	2016
General obligation bonds (backed by the City)	$ 63,894	$ 58,867	$ 11,191	$ 12,693	$ 75,085	$ 71,560
Certificates of obligation and tax notes (backed by the City)	3,440	3,770	-	-	3,440	3,770
Revenue bonds (backed by fee revenues)	-	-	21,030	23,215	21,030	23,215
Total	$ 67,334	$ 62,637	$ 32,221	$ 35,908	$ 99,555	$ 98,545

During the current fiscal year, the City issued $10.9 million in new general obligation bonds, the third and final issuance of the 2015 bond referendum.

The City's general obligation bonds, certificates of obligation and tax anticipation notes carry Aa2 and AA ratings by Moody's Investor Service and Standard and Poor's, respectively. The City's water and sewer revenue bonds carry Aa3 and A+ by Moody's Investor Service and Standard and Poor's, respectively. As a result of water losses from the previous year's drought, and resulting decline in reserves, the City's bond rating was reduced to A+ from AA- from Standards and Poor's in FY2015. The City has begun to rebuild water and sewer reserves over fiscal years 2016 and 2017, and pledges to continue over the next fiscal year.

The City is permitted by Article XI, Section 5, of the State of Texas Constitution to levy taxes up to $2.50 per $100 of assessed valuation for general governmental services including the payment of principal and interest on general obligation debt. In May 2003, the citizens of Rowlett amended the Charter to limit the amount of taxes that may be levied to $1.25 per $100 of assessed valuation.

More detailed information about the City's long-term liabilities is presented in Note 8 to the financial statements.

Economic Factors and Next Year's Budgets and Rates

The City's elected and appointed officials considered many factors when setting the fiscal year 2018 budget. Utilizing the Five Year Financial Strategy Plan and Five Year Capital Improvement Plan allows officials to plan the timing of projects so as to minimize the effects on the budget, tax rates, and fees that will be charged for the governmental and business-type activities. With the combination of improved tax values, new growth, and additional tax dollars, the fiscal year 2018 adopted budget includes funding priorities for economic development, aging infrastructure, revitalizing neighborhoods, and enhancing community services, amenities and assets to address the explosive growth that is to come. Additionally, the 2018 budget continues to aggressively rebuild reserves in the Utility Fund.

Revenue Projection Highlights:

The total FY2018 combined budget current revenue projections total $125 million.

- Property tax revenue is projected to reach $32.0 million, compared to FY2017's actual amount of $29.8 million. The adopted property tax rate was reduced by one cent for FY2018, set at $0.777173 per one hundred dollars of taxable valuation, with $0.551190 allocated to operations and maintenance and $0.225983 allocated to debt service. Certified property valuations increased by $449.2 million or 11.4% for FY2018. This increase is a result of improvements in appraised values, as well as new construction, investment and development that was added to the tax rolls through January 1, 2017.

- Sales tax revenue is projected to reach $7.2 million, compared to FY2017's actual amount of $6.9 million. Growth in new businesses and a general increase in existing retail sales are expected to continue through FY2018.

- General fund licenses and permits are projected at $1.2 million, a decrease of $0.3 million or 21.5% when compared to the FY2017 budget. This is a result of the timing of development permitting, and will continue to be volatile as large development drives this revenue.

- Enterprise fund charges for services are projected to reach $38.0 million, compared to FY2017's actual amount of $34.2 million. This represents a $2.6 increase in water and sewer and a $1.2 million increase in refuse revenues. The FY2018 projected revenues reflect the results of the City's recent water and sewer rate study, which includes adjustments to the base rate, volume rate, and rate structure, as detailed below:

Water Residential Customers Only	Adopted FY2017	Adopted FY2018	Adopted FY2017	Adopted FY2018
	Water		Sewer	
Beginning Base Rate	$31.26	$28.00	$17.83	$19.79
Volume Rate (0-3,000 gal)	$4.49	$4.35	$4.39	$4.87
Volume Rate (3001-15,000 gal)	N/A	$5.44	Rates are same per 1,000 gal	
Volume Rate (15,001 gal +)	N/A	$6.80	Rates are same per 1,000 gal	
Total Monthly Fee @10,000 gal	$76.16	$79.13	$61.73	$68.49

Appropriation Budget Highlights:

The total FY2018 combined budget appropriations total $124.4 million.

- Expenses in the general fund are projected to be $43.3 million in FY2018. This is a projected increase of $1.6 million or 3.8% when compared to the FY2017 budget of $41.7 million. The majority of the increase is driven by personnel costs, as a result of implementing the 2017 Compensation Study and the continuation of step-pay plan increases for Fire and Police personnel. Capital equipment costs are projected to decrease by $0.7 million primarily attributable to vehicle and equipment replacement costs that will be included in the first year of the Vehicle and Equipment Replacement Fund (VERF) in FY2018.

Overall changes are summarized below.

General Fund Expenses	Revised FY2017	Adopted FY2018	$ Change	% Change
Personnel	$27,391,847	$29,497,273	$2,105,426	7.70%
Supplies	2,175,738	1,860,834	($314,904)	-14.50%
Purchased Services	8,468,093	8,643,356	$175,263	2.00%
Capital Equipment	861,750	171,500	($690,250)	-80.10%
Transfers to Other Funds	2,763,022	3,090,945	$327,923	11.90%
Total	**$41,660,450**	**$43,263,908**	**$1,603,458**	**3.80%**

- The FY2018 water and sewer fund budget totals $29.8 million, representing an increase of $3.0 million or 11.0% from the FY2017 budget of $26.8 million. This increase is the result of a $1.4 million rise in the cost for water delivery and wastewater treatment, as well as a $1.3 million increase in the transfer to the Water & Sewer Capital Fund for investment in the collection and delivery systems. These increases will address the growing needs of an expanding community.

  Overall changes are summarized below:

Utility Fund Expenses	Revised FY2017	Adopted FY2018	$ Change	% Change
Personnel	$2,514,886	$2,615,177	$100,291	4.00%
Water/Sewer Contract Services	12,249,708	13,644,364	1,394,656	11.40%
Other Purchase Services and Supplies	2,611,492	2,518,973	($92,519)	-3.50%
Debt Service	4,497,705	4,500,000	2,295	0.10%
Capital Improvements	197,730	45,000	($152,730)	-77.20%
Transfers to Other Funds	4,758,522	6,473,593	1,715,071	36.00%
Total	**$26,830,043**	**$29,797,107**	**$2,967,064**	**11.00%**

- In the Self Insurance Fund, FY2018 expenses are budgeted to increase 12% to $5.6 million to cover the rise in individual stop loss premiums caused by large claims over the last three years, as well as an anticipated increase in benefit payments. Accordingly, the revenue budget was increased almost 11%, to $5.8 million. Currently, the City contributes approximately 83% to the revenues of this fund, and employees/retirees contribute approximately 17%.

Contacting The City's Financial Management

This financial report is designed to provide our citizens, taxpayers, customers, and investors and creditors with a general overview of the City's finances and to show the City's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Department of Financial Services, at City of Rowlett, 4004 Main Street, Rowlett, TX 75088 or check our website at www.Rowlett.com.

Rowlett
TEXAS

Basic Financial Statements

Rowlett
TEXAS

City of Rowlett, Texas
Statement of Net Position
September 30, 2017

	Governmental Activities	Business-type Activities	Total
ASSETS			
Cash, cash equivalents and investments	$ 42,852,365	$ 13,712,227	$ 56,564,592
Receivables (net of allowance for doubtful accounts)	3,305,909	5,517,000	8,822,909
Due from other governments	522,762	10,000	532,762
Notes receivable	-	30,917	30,917
Inventories	109,302	528,166	637,468
Prepaid and other items	273,507	23,596	297,103
Capital assets:			
Nondepreciable	44,203,151	18,582,780	62,785,931
Depreciable (net)	63,838,329	88,009,696	151,848,025
Total assets	155,105,325	126,414,382	281,519,707
DEFERRED OUTFLOWS OF RESOURCES			
Deferred charge on refunding	1,734,021	1,637,922	3,371,943
Deferred outflow of resources - TMRS	6,948,109	562,793	7,510,902
Total deferred outflows of resources	8,682,130	2,200,715	10,882,845
LIABILITIES			
Accounts payable and accrued liabilities	3,850,625	1,867,480	5,718,105
Accrued interest payable	406,900	139,418	546,318
Retainage payable	189,716	75,085	264,801
Customer deposits	-	705,127	705,127
Unearned revenues	172,426	-	172,426
Noncurrent liabilities:			
Due within one year	8,035,527	4,413,208	12,448,735
Due in more than one year:	85,882,793	33,864,137	119,746,930
Total liabilities	98,537,987	41,064,455	139,602,442
DEFERRED INFLOWS OF RESOURCES			
Deferred inflow of resources - TMRS	336,893	26,332	363,225
Total deferred inflows of resources	336,893	26,332	363,225
NET POSITION			
Net investment in capital assets	56,614,842	72,739,710	129,354,552
Restricted for:			
Debt service	279,683	3,734,307	4,013,990
Capital projects	1,738,201	-	1,738,201
Public safety	897,855	-	897,855
Economic development	71,121	-	71,121
Public broadcasting	384,721	-	384,721
Unrestricted	4,926,152	11,050,293	15,976,445
Total net position	$ 64,912,575	$ 87,524,310	$ 152,436,885

The Notes to the Financial Statements are an integral part of this statement.

City of Rowlett, Texas
Statement Of Activities
For the Fiscal Year Ended September 30, 2017

Functions/Programs	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Program Revenues: Capital Grants and Contributions
Primary government				
Governmental activities:				
General government	$ 4,009,554	$ 57,609	$ -	$ -
Public safety	23,615,382	2,310,649	1,135,141	466,888
Public works	10,948,955	1,018,438	-	3,347,558
Culture and recreation	5,689,940	1,021,800	-	3,908,448
Community Development	3,531,966	2,130,381	-	-
Interest and fiscal charges	2,313,657	-	-	-
Total governmental activities	50,109,454	6,538,877	1,135,141	7,722,894
Business-type activities:				
Water and sewer	24,873,275	27,688,606	-	4,133,760
Refuse	3,997,901	5,139,251	-	-
Drainage	1,856,605	1,356,154	-	968,046
Total business-type activities	30,727,781	34,184,011	-	5,101,806
Total primary government	$ 80,837,235	$ 40,722,888	$ 1,135,141	$ 12,824,700
General revenues:				
Taxes:				
Property taxes				
Sales taxes				
Other				
Franchise fees				
Investment earnings				
Gain on sale of assets				
Miscellaneous				
Transfers (net)				
Total general revenues and transfers				
Change in net position				
Net position, beginning				
Net position, ending				

The Notes to the Financial Statements are an integral part of this statement.

Net Revenues (Expenses) and Changes in Net Position		
Primary Government		
Governmental Activities	Business-type Activities	Total
$ (3,951,945)	$ -	$ (3,951,945)
(19,702,704)	-	(19,702,704)
(6,582,959)	-	(6,582,959)
(759,692)	-	(759,692)
(1,401,585)	-	(1,401,585)
(2,313,657)	-	(2,313,657)
(34,712,542)	-	(34,712,542)
-	6,949,091	6,949,091
-	1,141,350	1,141,350
-	467,595	467,595
-	8,558,036	8,558,036
$ (34,712,542)	$ 8,558,036	$ (26,154,506)
29,725,260	-	29,725,260
6,869,068	-	6,869,068
185,868	-	185,868
3,005,412	-	3,005,412
236,481	58,485	294,966
-	64,273	64,273
1,447,744	271,718	1,719,462
2,481,361	(2,481,361)	-
43,951,194	(2,086,885)	41,864,309
9,238,652	6,471,151	15,709,803
55,673,923	81,053,159	136,727,082
$ 64,912,575	$ 87,524,310	$ 152,436,885

City of Rowlett, Texas
Balance Sheet
Governmental Funds
September 30, 2017

	Governmental Fund Types				
	General	Debt Service	Capital Projects	Other Governmental Funds	Total Governmental Funds
ASSETS					
Cash, cash equivalents and investments	$ 8,411,345	$ 547,847	$ 29,573,871	$ 4,040,718	$ 42,573,781
Receivables (net of allowance for uncollectibles):					
Taxes	1,510,389	138,546	-	7,575	1,656,510
Accounts	515,870	-	-	-	515,870
Accrued interest	5,220	190	16,128	2,257	23,795
Other	1,052,626	-	-	38,734	1,091,360
Due from other governments	-	-	-	522,762	522,762
Due from other funds	262,610	-	27,133	-	289,743
Inventories	65,823	-	43,479	-	109,302
Prepaid and other items	73,499	8,401	-	3,240	85,140
Total assets	$ 11,897,382	$ 694,984	$ 29,660,611	$ 4,615,286	$ 46,868,263
LIABILITIES					
Accounts payable	$ 984,444	$ -	$ 1,180,626	$ 62,302	$ 2,227,372
Retainage payable	-	-	175,184	14,532	189,716
Accrued liabilities	1,108,458	-	2,992	26,478	1,137,928
Unearned revenue	1,211	-	141,319	29,896	172,426
Due to other funds	-	-	-	289,743	289,743
Total liabilities	2,094,113	-	1,500,121	422,951	4,017,185
DEFERRED INFLOWS OF RESOURCES					
Unavailable revenue - property taxes	313,972	138,546	-	-	452,518
Unavailable revenue - ambulance fees	243,646	-	-	-	243,646
Unavailable revenue - mowing liens	272,226	-	-	-	272,226
Unavailable revenue - franchise fees	171,957	-	-	-	171,957
Unavailable revenue - grants	-	-	-	471,309	471,309
Unavailable revenue - other	15,226	-	-	673	15,899
Total deferred inflows of resources	1,017,027	138,546	-	471,982	1,627,555
FUND BALANCES					
Fund balances:					
Nonspendable:					
Inventories	65,823	-	43,479	-	109,302
Prepaid items	73,499	8,401	-	3,240	85,140
Restricted for:					
Debt service	-	548,037	-	-	548,037
Capital projects	48,753	-	20,631,026	3,146,304	23,826,083
Public safety	-	-	-	425,873	425,873
Economic development	-	-	-	71,121	71,121
Public broadcasting	-	-	-	384,721	384,721
Assigned for:					
Economic development	803,104	-	-	-	803,104
Capital acquisition	1,987	-	7,485,985	-	7,487,972
Unassigned	7,793,076		-	(310,906)	7,482,170
Total fund balances	8,786,242	556,438	28,160,490	3,720,353	41,223,523
Total liabilities and fund balances	$ 11,897,382	$ 694,984	$ 29,660,611	$ 4,615,286	$ 46,868,263

The Notes to the Financial Statements are an integral part of this statement.

City of Rowlett, Texas
Reconciliation of the Balance Sheet
Of Governmental Funds to the Statement of Net Position
September 30, 2017

Amounts reported for governmental activities in the statement of net position are different because:

Total fund balances per balance sheet - governmental funds		$ 41,223,523
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.		108,041,480
Certain revenues are not available soon enough to pay for the current period's expenditures and are, therefore, reported as deferred inflows of resources.		1,627,555
Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds. Long-term liabilities at year end consist of:		
General obligation bonds and certificates of obligation payable	(67,333,994)	
Bond premiums	(4,681,208)	
Deferred charges on refunding	1,734,021	
Accrued interest	(406,900)	
Capital leases payable	(3,233,339)	
Net pension liability	(14,172,585)	
Other post-employment benefits liability	(1,296,850)	
Compensated absences	(3,200,344)	
		(92,591,199)
Deferred outflows of resources and deferred inflows of resources related to pensions are not reported in the fund financial statements.		6,611,216
Net position of governmental activities		$ 64,912,575

The Notes to the Financial Statements are an integral part of this statement.

City of Rowlett, Texas

Statement of Revenues, Expenditures And Changes in Fund Balances - Governmental Funds For the Fiscal Year Ended September 30, 2017

	Governmental Fund Types				
	General	Debt Service	Capital Projects	Other Governmental Funds	Total Governmental Funds
REVENUES					
Taxes:					
Property taxes	$ 20,852,304	$ 8,929,064	$ -	$ -	$ 29,781,368
Sales taxes	6,869,068	-	-	-	6,869,068
Other	93,459	-	-	92,409	185,868
Franchise fees	2,854,143	-	-	154,658	3,008,801
License and permits	1,161,674	-	-	1,018,438	2,180,112
Charge for services	3,553,951	-	-	-	3,553,951
Fines and forfeitures	944,360	-	-	176,776	1,121,136
Intergovernmental	233,355	-	405,172	945,096	1,583,623
Interest	86,565	12,106	119,806	18,004	236,481
Miscellaneous	1,309,352	-	-	138,392	1,447,744
Total revenues	37,958,231	8,941,170	524,978	2,543,773	49,968,152
EXPENDITURES					
Current operating:					
General government	4,051,450	118,490	-	333,077	4,503,017
Public safety	19,972,165	-	-	775,494	20,747,659
Public works	2,395,039	-	2,683,727	-	5,078,766
Culture and recreation	4,748,815	-	-	71,065	4,819,880
Community development	3,260,438	-	-	-	3,260,438
Debt service:					
Principal retirement	1,038,218	6,232,959	-	-	7,271,177
Interest and fiscal charges	93,876	2,544,673	-	-	2,638,549
Bond issuance costs	-	-	176,721	-	176,721
Capital outlay	526,059	-	4,078,162	552,038	5,156,259
Total expenditures	36,086,060	8,896,122	6,938,610	1,731,674	53,652,466
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	1,872,171	45,048	(6,413,632)	812,099	(3,684,314)
OTHER FINANCING SOURCES (USES)					
Issuance of bonds	-	-	10,930,000	-	10,930,000
Premiums on issuance of bonds	-	-	440,012	-	440,012
Transfers in	1,342,564	482,386	4,404,302	60,000	6,289,252
Transfers out	(3,756,292)	-	(50,000)	(1,599)	(3,807,891)
Proceeds from sale of assets	1,417,865	-	-	-	1,417,865
Total other financing sources (uses)	(995,863)	482,386	15,724,314	58,401	15,269,238
NET CHANGE IN FUND BALANCES	876,308	527,434	9,310,682	870,500	11,584,924
FUND BALANCES, BEGINNING	7,909,934	29,004	18,849,808	2,849,853	29,638,599
FUND BALANCES, ENDING	$ 8,786,242	$ 556,438	$ 28,160,490	$ 3,720,353	$ 41,223,523

The Notes to the Financial Statements are an integral part of this statement.

City of Rowlett, Texas

Reconciliation of the Statement of Revenues, Expenditures And Changes in Fund Balances of Governmental Funds to the Statement of Activities

For the Fiscal Year Ended September 30, 2017

Amounts reported for governmental activities in the statement of activities are different because:

Net change in fund balances - total governmental funds		$ 11,584,924
Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which depreciation ($8,616,047) and the loss on the sale of assets ($129,873) exceeded capital outlay ($5,141,398) and developer contributions ($6,807,524) in the current period.		3,203,002
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds. In the governmental financial statements, these revenues are referred to as deferred inflows of resources.		91,069
Capital lease and bond proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net position. Repayment of principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position.		
Repayments of principal	7,271,177	
Issuance of bonds	(10,930,000)	
Premium on issuance	(440,012)	
		(4,098,835)
Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds. This includes the increase in accrued interest payable ($18,184) and amortization of bond discounts/premiums and deferred losses ($519,797).		501,613
Some expenses not reported in the statements are required to be expensed in the statement of activities. This includes compensated absences, pension costs, and the unfunded OPEB obligation.		(1,839,927)
The internal service fund is used by management to charge the costs for self-insurance to the various funds. The net expenses of certain activities of the internal service fund is reported within the governmental activities.		(203,194)
Change in net position of governmental activities		$ 9,238,652

The Notes to the Financial Statements are an integral part of this statement.

City of Rowlett, Texas
Statement of Net Position
Proprietary Funds
September 30, 2017

	Enterprise				Governmental Activities - Internal Service
	Water and Sewer	Refuse	Drainage	Total	Self-insurance
ASSETS					
Current assets:					
Cash, cash equivalents and investments	$ 7,336,164	$ 235,556	$ 1,168,551	$ 8,740,271	$ 278,584
Restricted cash, cash equivalents and investments:					
Revenue bond covenant accounts	3,734,307	-	-	3,734,307	-
Receivables (net of allowance for uncollectibles):					
Accounts	4,195,430	748,922	189,557	5,133,909	-
Accrued interest	7,059	146	681	7,886	-
Other	373,614	1,591	-	375,205	18,374
Due from other governments	6,129	3,157	714	10,000	-
Inventories	528,166	-	-	528,166	-
Prepaid and other items	23,596	-	-	23,596	188,367
Total current assets	16,204,465	989,372	1,359,503	18,553,340	485,325
Noncurrent assets:					
Restricted cash, cash equivalents and investments:					
Impact fee funds	1,237,649			1,237,649	-
Receivables (net of allowance for uncollectibles):					
Notes receivable	30,917	-	-	30,917	-
Capital assets:					
Land	960,155	-	49,925	1,010,080	-
Buildings	1,041,641	-	59,178	1,100,819	-
Systems	132,632,346	194,768	39,453,157	172,280,271	-
Machinery and equipment	9,766,985	57,417	511,173	10,335,575	-
Construction in progress	16,681,414	-	891,286	17,572,700	-
Less accumulated depreciation	(77,896,238)	(227,940)	(17,582,791)	(95,706,969)	-
Total capital assets	83,186,303	24,245	23,381,928	106,592,476	-
Total noncurrent assets	84,454,869	24,245	23,381,928	107,861,042	-
Total assets	100,659,334	1,013,617	24,741,431	126,414,382	485,325
DEFERRED OUTFLOWS OF RESOURCES					
Deferred charge on refunding	1,479,068	-	158,854	1,637,922	-
Deferred outflows of resources - TMRS	549,378	-	13,415	562,793	-
Total deferred outflows of resources	2,028,446	-	172,269	2,200,715	-
LIABILITIES					
Current liabilities:					
Accounts payable	1,404,482	351,510	27,636	1,783,628	482,908
Accrued liabilities	80,220	888	2,744	83,852	2,417
Accrued interest payable	17,226	-	17,327	34,553	-
Retainage payable	55,509	-	5,940	61,449	-
Customer deposits	705,127	-	-	705,127	-
Compensated absences	15,652	-	-	15,652	-
Capital lease payable	812,131	-	48,490	860,621	-
Bonds payable	3,291,935	-	245,000	3,536,935	-
Total current liabilities	6,382,282	352,398	347,137	7,081,817	485,325
Current liabilities payable from restricted assets:					
Accrued interest payable	104,865	-	-	104,865	-
Retainage payable	11,636	-	2,000	13,636	-
Total current liabilities payable from restricted assets	116,501	-	2,000	118,501	-
Total current liabilities	6,498,783	352,398	349,137	7,200,318	485,325

(continued)

The Notes to the Financial Statements are an integral part of this statement.

City of Rowlett, Texas
Statement of Net Position
Proprietary Funds
September 30, 2017

	Enterprise				Governmental Activities - Internal Service
	Water and Sewer	Refuse	Drainage	Total	Self-insurance
LIABILITIES (Continued)					
Noncurrent liabilities:					
Compensated absences	$ 140,258	$ -	$ -	$ 140,258	$ -
Net pension liability	1,194,692	-	42,923	1,237,615	-
Unfunded OPEB obligation	147,095	-	8,388	155,483	-
Capital lease payable	1,709,518	-	203,485	1,913,003	-
Bonds payable	27,817,212	-	2,600,566	30,417,778	-
Total noncurrent liabilities	31,008,775	-	2,855,362	33,864,137	-
Total liabilities	37,507,558	352,398	3,204,499	41,064,455	485,325
DEFERRED INFLOWS OF RESOURCES					
Deferred inflows of resources - TMRS	25,860	-	472	26,332	-
Total deferred inflows of resources	25,860	-	472	26,332	-
NET POSITION					
Net investment in capital assets	52,272,224	24,245	20,443,241	72,739,710	-
Restricted for:					
Debt service	3,734,307	-	-	3,734,307	-
Unrestricted	9,147,831	636,974	1,265,488	11,050,293	-
Total net position	$ 65,154,362	$ 661,219	$ 21,708,729	$ 87,524,310	$ -

The Notes to the Financial Statements are an integral part of this statement.

City of Rowlett, Texas

Statement of Revenues, Expenses
And Changes in Fund Net Position
Proprietary Funds
For the Fiscal Year Ended September 30, 2017

	Enterprise				Governmental Activities - Internal Service
	Water and Sewer	Refuse	Drainage	Total	Self-insurance
OPERATING REVENUES					
Charges for sales and services:					
Charges for services	$ 27,688,606	$ 5,139,251	$ 1,356,154	$ 34,184,011	$ 5,050,512
Miscellaneous	269,684	2,034	-	271,718	796,040
Total operating revenues	27,958,290	5,141,285	1,356,154	34,455,729	5,846,552
OPERATING EXPENSES					
Personnel services	2,715,949	11,391	118,626	2,845,966	81,601
Water supply	7,872,080	-	-	7,872,080	-
Wastewater treatment	4,141,750	-	-	4,141,750	-
Contractual services	434,342	43,746	28,877	506,965	5,880,899
Maintenance, repairs and supplies	990,637	-	235,240	1,225,877	-
Utilities	472,338	-	-	472,338	-
Legal and professional	71,695	743	879	73,317	-
Refuse collection	-	3,709,062	-	3,709,062	-
Depreciation	5,562,096	4,847	1,123,986	6,690,929	-
Intragovernmental charges	1,899,052	227,532	253,884	2,380,468	-
Miscellaneous	39,255	580	-	39,835	84,968
Total operating expenses	24,199,194	3,997,901	1,761,492	29,958,587	6,047,468
OPERATING INCOME (LOSS)	3,759,096	1,143,384	(405,338)	4,497,142	(200,916)
NONOPERATING REVENUES (EXPENSES)					
Investment income	50,649	2,145	5,691	58,485	156
Gain on disposition of assets	35,783	-	28,490	64,273	-
Interest and fiscal charges	(674,081)	-	(95,113)	(769,194)	-
Total nonoperating revenues (expenses)	(587,649)	2,145	(60,932)	(646,436)	156
INCOME (LOSS) BEFORE CONTRIBUTIONS AND TRANSFERS	3,171,447	1,145,529	(466,270)	3,850,706	(200,760)
Capital contributions	4,133,760	-	968,046	5,101,806	-
Transfers out	(1,340,965)	(1,040,400)	(99,996)	(2,481,361)	-
CHANGE IN NET POSITION	5,964,242	105,129	401,780	6,471,151	(200,760)
TOTAL NET POSITION, BEGINNING	59,190,120	556,090	21,306,949	81,053,159	200,760
TOTAL NET POSITION, ENDING	$ 65,154,362	$ 661,219	$ 21,708,729	$ 87,524,310	$ -

The Notes to the Financial Statements are an integral part of this statement.

City of Rowlett, Texas
Statement of Cash Flows
Proprietary Funds
For the Fiscal Year Ended September 30, 2017

	Enterprise				Governmental Activities - Internal Service
	Water and Sewer	Refuse	Drainage	Total	Self-insurance
CASH FLOWS FROM OPERATING ACTIVITIES					
Cash received from customers and users	$26,931,248	$5,087,751	$ 1,344,770	$ 33,363,769	$ 5,039,738
Cash received from miscellaneous	269,684	2,034	-	271,718	796,040
Cash paid to employees for services	(2,546,132)	(11,391)	(113,441)	(2,670,964)	(81,601)
Cash paid for goods and services	(16,085,231)	(3,994,940)	(561,820)	(20,641,991)	(6,046,056)
Net cash provided by (used in) operating activities	8,569,569	1,083,454	669,509	10,322,532	(291,879)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES					
Transfers to other funds	(1,340,965)	(1,040,400)	(99,996)	(2,481,361)	-
Net cash used in noncapital financing activities	(1,340,965)	(1,040,400)	(99,996)	(2,481,361)	-
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES					
Principal paid on capital debt	(4,405,180)	-	(274,359)	(4,679,539)	-
Interest and fiscal charges paid on capital debt	(870,287)	-	(141,073)	(1,011,360)	-
Capital contributions	4,133,760	-	968,046	5,101,806	-
Acquisition and construction of capital assets	(8,173,762)	(18,659)	(888,274)	(9,080,695)	-
Proceeds from sale of capital assets	641,525	-	28,490	670,015	
Net cash used in capital and related financing activities	(8,673,944)	(18,659)	(307,170)	(8,999,773)	-
CASH FLOWS FROM INVESTING ACTIVITIES					
Investment income	50,649	2,145	5,691	58,485	156
Net cash provided by investing activities	50,649	2,145	5,691	58,485	156
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(1,394,691)	26,540	268,034	(1,100,117)	(291,723)
CASH AND CASH EQUIVALENTS, BEGINNING	13,702,811	209,016	900,517	14,812,344	570,307
CASH AND CASH EQUIVALENTS, ENDING	$12,308,120	$ 235,556	$ 1,168,551	$ 13,712,227	$ 278,584
CASH AND CASH EQUIVALENTS	7,336,164	235,556	1,168,551	8,740,271	278,584
RESTRICTED CASH AND CASH EQUIVALENTS	4,971,956	-	-	4,971,956	-
TOTAL CASH AND CASH EQUIVALENTS, ENDING	$12,308,120	$ 235,556	$ 1,168,551	$ 13,712,227	$ 278,584

(continued)

The Notes to the Financial Statements are an integral part of this statement.

City of Rowlett, Texas
Statement of Cash Flows – Continued
Proprietary Funds
For the Fiscal Year Ended September 30, 2017

	Enterprise				Governmental Activities - Internal Service
	Water and Sewer	Refuse	Drainage	Total	Self-insurance
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES					
Operating income (loss)	$ 3,759,096	$ 1,143,384	$ (405,338)	$ 4,497,142	$ (200,916)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:					
Depreciation	5,562,096	4,847	1,123,986	6,690,929	-
Changes in assets and liabilities:					
Accounts receivable	(371,038)	(58,304)	(12,734)	(442,076)	(10,877)
Other receivables	(337,701)	6,804	1,350	(329,547)	103
Prepaid expenses and other assets	1,814	-	-	1,814	(135,572)
Inventory	(50,433)	-	-	(50,433)	-
Accounts payable and accrued liabilities	(213,031)	(13,277)	(41,951)	(268,259)	55,383
Customer and escrow deposits	41,004	-	-	41,004	-
Accrued compensated absences	33,547	-	-	33,547	-
Net pension liability and OPEB obligation	144,215	-	4,196	148,411	-
Total adjustments	4,810,473	(59,930)	1,074,847	5,825,390	(90,963)
Net cash provided by (used in) operating activities	$ 8,569,569	$ 1,083,454	$ 669,509	$ 10,322,532	$ (291,879)
NONCASH FINANCING AND INVESTING ACTIVITIES:					
Capital contributions	$ 4,133,760	$ -	$ 968,046	$ 5,101,806	$ -
Gain on disposal of capital assets	35,783	-	28,490	64,273	-
Total noncash financing and investing activities	$ 4,169,543	$ -	$ 996,536	$ 5,166,079	$ -

The Notes to the Financial Statements are an integral part of this statement.

City of Rowlett, Texas
Statement of Net Position
Fiduciary Funds
September 30, 2017

	PID Agency Fund	Other Post Employment Benefits Trust Fund
ASSETS		
Restricted Cash	$ -	$ 13,814
Investments:		
Money market	37,347,473	-
Equity mutual funds	-	226,350
Fixed income mutual funds	-	139,362
Total investments	37,347,473	365,712
Total assets	37,347,473	379,526
LIABILITIES		
Liability to bondholders	37,347,473	-
Total liabilities	$ 37,347,473	-
NET POSITION		
Held in trust for other post employment benefits and other purposes		379,526
Total net position		$ 379,526

The Notes to the Financial Statements are an integral part of this statement.

City Of Rowlett, Texas

Statement of Revenues, Expenses, and Changes in Fund Net Position
Fiduciary Funds
For the Fiscal Year Ended September 30, 2017

	Other Post Employment Benefits Trust Fund
ADDITIONS	
Employer contributions	$ 99,356
Interest income	35,962
Total additions	135,318
DEDUCTIONS	
Administrative expenses	1,923
Total deductions	1,923
Change in net position	133,395
Net position, beginning of year	246,131
Net position, end of year	$ 379,526

The Notes to the Financial Statements are an integral part of this statement.

Notes to the Basic Financial Statements

Rowlett
TEXAS

Note 1. Summary of Significant Accounting Policies

Reporting Entity

The City of Rowlett, Texas (City) is a municipal corporation governed by an elected mayor and six-member council. It was incorporated on March 1, 1952, under the provisions of Chapter 11, Title 28, Texas Revised Civil Statutes of 1925. On January 19, 1980, the City adopted a charter making it a home rule city operating under a Council-Manager form of government. The City provides such services as are authorized by its charter to advance the welfare, health, comfort, safety and convenience of its inhabitants. The City's services include public safety, streets and transportation, water and wastewater, solid waste collection and disposal, environmental health and leisure services.

The financial statements of the City have been prepared to conform to generally accepted accounting principles (GAAP) as applicable to state and local governments. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant accounting and reporting policies and practices used by the City are described below.

The City's basic financial statements include all organizations and activities determined to be part of the City's reporting entity. There are no component units of the City as defined by generally accepted accounting principles.

Financial Statement Presentation

The basic financial statements are prepared in conformity with GASB Statement No. 34, as amended, which requires the government-wide financial statements to be prepared using the accrual basis of accounting and the economic resources measurement focus. Government-wide financial statements do not provide information by fund, but distinguish between the City's governmental activities and business-type activities on the statement of net position and statement of activities. The City's statement of net position includes both noncurrent assets and noncurrent liabilities of the City. In addition, the government-wide statement of activities reflects depreciation expenses on the City's capital assets, including infrastructure.

In addition to the government-wide financial statements, the City has prepared fund financial statements, which use the modified accrual basis of accounting and the current financial resources measurement focus for the government funds. The accrual basis of accounting is utilized by proprietary funds. Under this method, revenues are recorded when earned and expenses are recorded at the time liabilities are incurred. GASB Statement No. 34 also requires supplementary information such as Management's Discussion and Analysis which includes an analytical overview of the City's financial activities. In addition, a budgetary comparison schedule is presented that compares the adopted and modified General Fund budget with actual results for adopted funds.

The accounts of the City are organized on the basis of funds, each of which is considered to be a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues and expenditures, or expenses, as appropriate. Government resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled. The various funds are grouped by type in the financial statements.

Government-wide and Fund Financial Statements

The basic financial statements include both government-wide (based on the City as a whole) and fund financial statements. The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information of the primary government. All fiduciary activities are reported only in the fund financial statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

The government-wide statement of activities demonstrates the degree to which the direct expenses of a functional category (Public Safety, Public Works, etc.) or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment, 2) grants and contributions that are restricted to meeting the operational requirements of a particular function or segment and 3) grants and contributions that are restricted to meeting the capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues. The net cost (by function or business-type activity) is normally covered by general revenue (property, sales, franchise taxes, intergovernmental revenues, interest income, etc.).

Separate fund-based financial statements are provided for governmental funds and proprietary funds. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements. The non-major funds are combined in a separate column in the fund financial statements. The non-major funds are detailed in the combining section of the statements.

GASB Statement No. 34 also permits the City to report individual non-major funds if officials believe the fund is particularly important to the financial statement's readers. The Refuse Fund is reported as major for this reason.

Measurement Focus/Basis of Accounting

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Government fund level financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments not due within the operating cycle, are recorded only when the obligation has matured and is due and payable shortly after year end as required by GASB Interpretation No. 6.

Property taxes, sales taxes, franchise fees, licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Licenses and permits, charges for services, fines and forfeitures, contributions, and miscellaneous revenues are recorded as revenues when received in cash, as the resulting receivable is not measurable. Investment earnings are recorded as earned since they are measurable and available. In applying the susceptible to accrual concept to intergovernmental revenues, the legal and contractual requirements of the individual programs are used as guidance. Intergovernmental grant revenues are recognized when all eligibility requirements have been met. Additionally, funds received in advance for which all eligibility requirements have not been met are considered deferred revenue.

When both restricted and unrestricted resources are available for use, it is the government's policy to use restricted resources first, and then unrestricted resources as they are needed.

Business-type activities and all proprietary funds are accounted for on a flow of economic resources measurement focus. With this measurement focus, all assets and all liabilities associated with the operation of these funds are included on the balance sheet. Proprietary fund-type operating statements present increases (e.g., revenues) and decreases (e.g., expenses) in net total position.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the City's water and sewer, refuse, and municipal drainage funds are charges to customers for sales and services. Operating expenses for the enterprise funds and internal service funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

As a general rule the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are payments-in-lieu of taxes where the amounts are reasonably equivalent in value to the interfund services provided and other charges between the government's water and sewer function. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

The City reports the following major governmental funds:

The **General Fund** is the City's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

The **Debt Service Fund** accounts for the resources accumulated and payments made for principal and interest on long-term general obligation debt of governmental funds.

The **Capital Projects Fund** accounts for the financing and acquisition of right of way and construction of streets and alleys, buildings, land acquisition and park improvements. Funds are provided primarily through bond sales, impact fees and interest earnings.

The City reports the following major proprietary funds:

The **Water and Sewer Fund** accounts for the activities of the enterprise. The enterprise operates the water distribution and pump stations, and the sewage collection system and lift stations.

The **Refuse Fund** accounts for the activities of the City's residential and commercial trash collection service.

The **Drainage Fund** accounts for the activities of the City's drainage maintenance operations.

Additionally, the City reports the following nonmajor fund types:

Special Revenue Funds account for the proceeds of specific revenue sources that are legally restricted to expenditures for particular purposes, such as impact fees, police seizure, court fees, grants, etc.

The **Internal Service Fund** is used to account for the City's self-insurance activities provided to other departments or funds of the City on a cost reimbursement basis.

The **Fiduciary Funds** are used to hold assets for the benefit of a third party (pension participants) and cannot be used to address activities or obligations of the government. These funds are not incorporated into the government-wide financial statements.

Assets, Liabilities, and Net Position or Equity

Deposits and Investments

Cash in all funds, excluding the City's payroll account and certain escrow accounts, is combined into one bank account in order to maximize investment opportunities. Although individual funds may experience temporary overdraft liabilities, a positive balance is maintained in combined cash. Investment income resulting from this pooling is allocated to the respective funds based on the sources of the funds invested.

Investments are carried at fair value. Fair value is the amount at which a financial instrument could be exchanged in a current transaction between willing parties. The City considers a quoted market price at September 30, 2017 to be the fair value of investments.

For the purpose of the statement of cash flows, cash and cash equivalents include cash on hand, demand deposits, escrow cash with fiscal agent and short-term investments with original maturities of three months or less from the date of acquisition.

Receivables and Payables

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "due to/from other funds" (i.e. the current portion of interfund loans) or "advances to/from other funds" (i.e. the non-current portion of interfund loans). All other outstanding balances between funds are reported as "due to/from other funds." Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances."

All trade and property tax receivables are shown net of an allowance for uncollectibles. Allowances are calculated based on historical performance and can differ between receivable types. Accounts without the backing of liens or contractual agreements exceeding 365 days are typically written off.

Property taxes are levied each October 1 on the assessed value listed as of the prior January 1 for all real and business personal property located in the City. Assessed values are established at 100% of estimated market value. Property taxes attach as an enforceable lien on property as of January 1. Taxes are due by January 31 following the October 1 levy date and are considered delinquent after January 31 of each year.

Inventories and Prepaid Items

Inventories, which are expended as they are consumed, are recorded using the average cost method and are stated at cost. They are valued at the lower of moving average (i.e., perpetual inventory) cost or market. Unit prices are adjusted as new inventory is added, thus the moving average cost closely represents the cost of goods sold. Other inventories are stated at the lower of cost (first-in, first-out method) or market.

Prepaid items are for payments made by the City in the current year to provide services occurring in the subsequent fiscal year. A reserve for prepaid items and inventories is recognized in the governmental funds in the fund level financial statements to signify that a portion of fund balance is not available for other subsequent expenditures. At the government-wide level, unamortized bond issue costs are treated as a prepaid item.

Interfund Transactions and Receivables and Payables

Short-term advances between funds are accounted for in the appropriate interfund receivable and payable accounts. All legally authorized transfers are appropriately treated as transfers and are included in the results of operations of both governmental and proprietary funds. Nonrecurring or non-routine transfers of equity between funds, for example, contribution of capital assets to a proprietary fund, are accounted for as transfers.

Restricted Assets

Assets, consisting of cash and short-term investments, have been set aside on the balance sheet because they represent funds with restricted purposes.

In the proprietary funds, restricted assets are segregated to reflect resources accumulated for debt service, construction funds, or other legal requirements. Debt service amounts are restricted for the current year requirements and also for future years' requirements as required by bond covenants. Construction funds represent resources set aside for construction projects of the Water and Sewer and Drainage Funds.

Capital Assets

Capital assets, which include property, plant, equipment and public domain (infrastructure) assets (e.g. roads, water and sewer lines, and similar items) are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the government as assets with an initial, individual cost of more than $10,000 and an estimated useful life in excess of three years. Public infrastructure is capitalized at $100,000 and an estimated useful life in excess of five years. Contributed assets are recorded at acquisition value at the time received. Assets acquired by lease financing are capitalized over the term of the lease according to the City's capitalization threshold policy. Capital costs that do not materially add to the value of the asset, extend its useful life, or do not otherwise meet the government's capitalization threshold are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed. The total amount of interest capitalized for the current fiscal year was $326,101.

Capital assets of the primary government are depreciated using the straight line with half-year convention method. The estimated useful lives under the policy are as follows:

Buildings, other improvements	20 - 40 years
Alleys, drainage systems, and water and sewer system	25 years
Equipment	3 - 20 years
Streets	10 - 20 years

Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position reports a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and so will *not* be recognized as an outflow of resources (expense/ expenditure) until then. The City has the following items that qualify for reporting in this category:

- Deferred charges on refundings – A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt.
- Pension contributions after measurement date – These contributions are deferred and recognized in the following fiscal year.
- Difference in projected and actual earnings on pension assets, changes in actuarial assumptions, and difference between expected and actual economic experience – These differences are deferred and amortized.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period(s) and so will *not* be recognized as an inflow of resources (revenue) until that time. The City has only two types of items. The first arises only under a modified accrual basis of accounting that qualifies for reporting in this category. Accordingly, the item, *unavailable revenue*, is reported only in the governmental funds balance sheet. The governmental funds report unavailable revenues from two sources: property taxes and special assessments. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available. The second item is the difference in expected and actual pension experience and is deferred and recognized over the estimated average remaining lives of all members determined as of the measurement date.

Compensated Absences

City employees earn vacation and sick leave based on length of service. Nonexempt employees are eligible to accumulate compensation time at one and one-half times the hourly rate of pay. At termination, employees are reimbursed for accumulated vacation and compensatory time. Accumulated vacation and sick leave is accrued when incurred in the government-wide and proprietary fund financial statements. A liability for these amounts is reported in governmental funds only if they have matured, for example, as a result of employee resignations and retirements and are typically liquidated with expendable resources in the General Fund.

Long-Term Obligations

In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net position. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuance are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

Long-term obligations such as the net pension liability and the other post-employment benefits (OPEB) obligation are liquidated with expendable resources in the General Fund.

Encumbrances

Encumbrances represent commitments related to unperformed contracts for goods or services. The City does not utilize encumbrance accounting – under which purchase orders, contracts and other commitments for the expenditure of resources are recorded to reserve that portion of the applicable appropriation. Since the City intends to honor such commitments, the subsequent year's appropriations will provide authority to complete these transactions. Under the City's budgetary process, appropriations lapse at fiscal year-end, except for capital improvements or contracts in which the City issued a purchase order prior to the end of the year. These encumbrances are re-appropriated and become part of the subsequent year's budget because performance under the executory contract is expected in the next year. Refer to Note 14F for the amount of encumbrances expected to be honored upon performance by the vendor in the next year.

Fund Balance Classification and Net Position

The governmental fund financial statements present fund balances based on classifications that comprise a hierarchy that is based primarily on the extent to which the City is bound to honor constraints on the specific purposes for which amounts in the respective governmental funds can be spent. The classifications used in the governmental fund financial statements are as follows:

Nonspendable: This classification includes amounts that cannot be spent because they are either (a) not in spendable form or (b) are legally or contractually required to be maintained intact. Nonspendable items are not expected to be converted to cash or are not expected to be converted to cash within the next year.

Restricted: This classification includes amounts for which constraints have been placed on the use of the resources either (a) externally imposed by creditors, grantors, contributors, or laws or regulations of other governments, or (b) imposed by law through constitutional provisions or enabling legislation.

Committed: This classification includes amounts that can be used only for specific purposes pursuant to constraints imposed by formal action of the City Council. These amounts cannot be used for any other purpose unless the City Council removes or changes the specified use by taking the same type of action that was employed when the funds were initially committed. This classification also includes contractual obligations to the extent that existing resources have been specifically committed for use in satisfying those contractual requirements. Fund balances classified as committed can only be used for specific purposes pursuant to Resolution Number RES-011-12 imposed by the City Council, which constitutes the highest level of action and most binding constraint.

Assigned: This classification includes amounts that are constrained by the City's intent to be used for a specific purpose but are neither restricted nor committed. The City Council has by resolution authorized the City Manager and/or the Director of Financial Services to assign fund balance. The Council may also assign fund balance as it does when appropriating fund balance to cover a gap between estimated revenue and appropriations in the subsequent year's appropriated budget. Unlike commitments, assignments generally only exist temporarily. In other words, an additional action does not normally have to be taken for the removal of an assignment. Conversely, as discussed above, an additional action is essential to either remove or revise a commitment.

Unassigned: This classification includes the residual fund balance for the General Fund. The unassigned classification also includes negative residual fund balance of any other governmental fund that cannot be eliminated by offsetting of assigned fund balance amounts.

When an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available, the City considers restricted funds to have been spent first. When an expenditure is incurred for which committed, assigned, or unassigned fund balances are available, the City considers amounts to have been spent first out of committed funds, then assigned funds, and finally unassigned funds.

At the government–wide level, net position represents the difference between assets and liabilities. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balance of any debt used for the acquisition, construction or improvements of those assets, net of debt related to any unspent proceeds.

Pensions

For purposes of measuring the net pension liability, pension related deferred outflows and inflows of resources, and pension expense, City specific information about its Fiduciary Net Position in the Texas Municipal Retirement System (TMRS) and additions to/deductions from the City's Fiduciary Net Position have been determined on the same basis as they are reported by TMRS. For this purpose, plan contributions are recognized in the period that compensation is reported for the employee, which is when contributions are legally due. Benefit payments and refunds are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value. Information regarding the City's Total Pension Liability is obtained from TMRS through a report prepared for the City by TMRS consulting actuary, Gabriel Roeder Smith & Company, in compliance with Governmental Accounting Standards Board (GASB) Statement No. 68, *Accounting and Financial Reporting for Pensions*.

Deficit Fund Balance

At September 30, 2017, the following funds had a deficit fund balance. The Grant Fund and Disaster Fund, both nonmajor governmental funds, had deficit fund balances of $253,766 and $41,640, respectively, due to the timing of reimbursements waiting to be received from grantors. The TIF Fund, a nonmajor governmental fund, had a deficit fund balance of $15,500 due to expenditures incurred before revenues were received.

Note 2. Stewardship, Compliance, and Accountability

Budgetary Information

The City Council follows these procedures in establishing the budgets reflected in the financial statements:

- Approximately 60-90 days prior to October 1 of each fiscal year, the City Manager submits a proposed budget to the City Council. The operating budget includes proposed expenditures and the means of financing them.
- Public hearings and budget work sessions are conducted to obtain taxpayer comments.
- Typically, the City Council enacts the budget by ordinance at its first meeting in September. This allows tax statements to be prepared and mailed in a timely fashion.
- Annual budgets are legally adopted for the General, Special Revenue, Debt Service and Enterprise Funds. Budgets are prepared on a modified accrual basis for the General, Special Revenue, and Debt Service Funds. Enterprise and Internal Service Fund budgets are prepared on an accrual basis, except that capital outlays (exclusive of water and sewer capital projects) and principal payments on debt are budgeted as expenses and depreciation expense is not budgeted. Budgets for the Capital Projects Funds are normally established pursuant to the term of the related bond indentures, that is, on a project basis.
- The level of control is at the fund level. Budget adjustments are transfers of approved funds from one line-item within a department or from one department to another within a fund. Budget adjustments within the same department under $10,000 may be approved by the Director and Director of Financial Services with notification to the City Manager. Budget adjustments exceeding $10,000 or between departments within the same fund shall be made at the discretion and approval of the City Manager. Budget amendments, which increase or decrease the total appropriation of a given fund shall be approved by the City Council at a regularly scheduled City Council meeting.

The Budgetary Comparison Schedule, included in the required supplementary information, presents a comparison of budgetary data to actual results of operations for the General Fund in which an annual operating budget was legally adopted. This schedule utilizes the same basis of accounting for both budgetary purposes and actual results. Budgetary data for the Capital Projects Funds have not been presented in the accompanying supplemental information. Capital Projects Funds are budgeted over the life of the respective project and are reviewed and approved by the City Council in a Five Year Capital Improvements Plan.

Excess of Expenditures over Appropriations

For the year ended September 30, 2017, the Impact Fee Fund expenditures exceeded appropriations by $380,543, the Police Seizure Fund by $5,019, the Disaster Fund by $336,617, the Traffic Safety Fund by $26,011, the Grant Fund by $73,895, the TIF Fund by $15,500, and the Other Special Revenue Fund by $80,956 and the Public Improvement District Fund by $52. The City's impact fees were used to fund an allowable project. Resources for the Police Seizure Fund come from federal and state asset forfeitures which govern the purposes for which they may be spent. The Disaster Fund excess is due to the unexpected tornado that occurred in December 2015. The Traffic Safety funds were spent towards legal fees. The City incurred unexpected grant expenditures for Hurricane Harvey. There was a new TIRZ fund set up during the fiscal year. And the City also had PEG funds approved from Other Special Revenue funds for the purchase of a new camera and equipment for RTN16. The budgets were not specifically amended to address the over expenditures.

Note 3. Deposits and Investments

The City has adopted Investment Policies, which are in accordance with the laws of the State of Texas, where applicable, specifically the Public Funds Investment Act (PFIA). The policies identify authorized investments and investment terms, collateral requirements, safekeeping requirements for collateral and investments, and certain investment practices. Authorized investments include obligations of the federal government or its agencies and instrumentalities, repurchase agreements, state and local investment pools, SEC regulated money market mutual funds, collateralized or insured certificates of deposit, and prime commercial paper.

State statutes require that all deposits in the financial institutions be fully collateralized by U.S. government obligations or obligations of the state of Texas and its agencies that have a market value of not less than the principal amount of the deposits. The City's demand deposits were fully collateralized at September 30, 2017 with collateral required by the state statutes. At year-end, the City's deposit balance was fully covered by collateral held by the City's depository bank in the City's name or by FDIC insurance.

The City categorizes its fair value measurements within the three-level fair value hierarchy established by GASB Statement No. 72, *Fair Value Measurement and Application*. Below are the inputs that are used to measure assets and liabilities.

- Level 1 inputs are quoted prices (unadjusted) for identical assets or liabilities in active markets that a government can access at the measurement date.
- Level 2 inputs are inputs—other than quoted prices included within Level 1—that are observable for an asset or liability, either directly or indirectly.
- Level 3 inputs are unobservable inputs for an asset or liability.

The fair value hierarchy gives the highest priority to Level 1 inputs and the lowest priority to Level 3 inputs. If a price for an identical asset or liability is not observable, a government should measure fair value using another valuation technique that maximizes the use of relevant observable inputs and minimizes the use of unobservable inputs. If the fair value of an asset or a liability is measured using inputs from more than one level of the fair value hierarchy, the measurement is considered to be based on the lowest priority level input that is significant to the entire measurement.

The City's investments are measured as presented in the table below. The City's investment balances, weighted average maturity, and credit risk of such investments are as follows:

	September 30, 2017	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Percent of Total Investments	Maturity (Years)	Rating
Investments Measured at Amortized Cost:							
Texas Local Government Investment Pools							
TexPool	$ 41,969,354	$ -	$ -	$ -	74.67%	0.003	AAAm
Investments Subject to Fair Value							
Commercial Paper	1,933,175	-	1,933,175	-	3.44%	0.560	P-1
U.S. Agencies	4,167,719	-	4,167,719	-	7.42%	2.030	Aaa
U.S. Treasuries	8,136,193	-	8,136,193	-	14.48%	1.790	Aaa
Total Value	$ 56,206,441	$ -	$ 14,237,087	$ -		1.690	

The City invests in Texas Local Government Investment Pool (TexPool), an external investment pool that is not registered with the Securities and Exchange Commission (SEC) as an investment company. The State Comptroller of Public Accounts of the State of Texas has oversight of the pool. The fair value of the City's position in the pool is the same as the value of pool shares.

The TexPool investment pool is an external investment pool measured at amortized cost to report net position to compute share prices. Accordingly, the fair value of the position in this pool is the same as the value of the shares in the pool. In order to meet the criteria to be recorded at amortized cost, investment pools must transact at a stable net asset value per share and maintain certain maturity, quality, liquidity and diversification requirements within the investment pool. The investment pool transacts at a net asset value of $1.00 per share, has a weighted average maturity of 60 days or less, and has a weighted average life of 120 days or less. Investments held are highly rated by nationally recognized statistical rating organization, have no more than 5% of portfolio with one issuer (excluding US government securities), and can meet reasonably foreseeable redemptions. TexPool has a redemption notice period of one day and no maximum transaction amounts. The investment pool's authorities may only impose restrictions on redemptions in the event of a general suspension of trading on major securities market, general banking moratorium or national or state emergency that affects the pools' liquidity.

This local government investment pool operates in a manner consistent with the SEC's Rule 2a7 of the Investment Company Act of 1940. The Texas Local Government Investment Pool (TexPool) is organized in conformity with the Interlocal Cooperation Act, Chapter 791 of the Texas Government Code, and the Public Funds Investment Act, Chapter 2256 of the Texas Government Code.

The Texas Comptroller of Public Accounts is the sole officer, director, and shareholder of the Texas Treasury Safekeeping Trust Company, which is authorized to operate TexPool. In addition, the TexPool Advisory Board advises on TexPool's Investment Policy. This Board is composed equally of participants in TexPool and other persons who do not have a business relationship with TexPool who are qualified to advise TexPool.

As of September 30, 2017, the City has the recurring fair value measurements for commercial paper, agencies, and treasury notes of $14,237,087 valued using quoted prices for similar assets in active markets (Level 2).

Interest Rate Risk. As a means of limiting its exposure to fair value losses arising from increasing interest rates, the City's investment policy states that the overall weighted average maturity of principal return for the entire portfolio shall be less than two (2) years. By policy, the City will not directly invest in securities maturing more than five years from the date of purchase.

Credit Risk. The City's investment policy, in conjunction with state law, specifies the type of credit rating of all authorized investments. The City's investments in U.S. Agency securities (Commercial Paper, FHLB, FHLMC, and US TSY) are individually rated by Standard & Poor's and by Moody's Investors Service (see table above). As of September 30, 2017, investments in the Texas Local Government Pool (TexPool) carried a credit rating of AAAm by Standard & Poor's. US Treasuries are backed by the full faith and credit of the US Government.

Concentration of Credit Risk. With the exception of U.S. Treasury securities and State Local Government Pools, the City's investment policy limits the amount that may be invested in any one issuer to 40% of the total investment portfolio. The City's investment policy also has stricter restrictions for commercial paper, CD's, repurchase agreements, mutual funds and other investments. As of September 30, 2017, 25.33% of the City's total investments are in the following: Federal Home Loan Banks (1.76%), Federal Home Loan Mortgage Corporation (1.94%), Fannie Mae (3.71%), US Treasury Notes (14.48%), and Commercial paper (3.44%) on a fair value basis. The remaining 74.67% is in TexPool.

Custodial Credit Risk – Deposits. For deposits, custodial credit risk is the risk that, in the event of a bank failure, the City may not be able to recover its deposits. The City's investment policy follows state statutes, which require that all deposits in financial institutions be fully collateralized or insured. As of September 30, 2017, the City's bank balance was $7,523,928, and none of that amount was exposed to custodial credit risk at year-end.

Custodial Credit Risk – Investments. For investments, custodial credit risk is the risk that in the event of the failure of a counter party, the City will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The City's investment policy requires that all investments held by outside parties for safekeeping be held in the name of the City. The City was not exposed to any custodial credit risk at year-end.

Note 4. Property Taxes

Property taxes attach as an enforceable lien on property as of January 1. The property tax is levied each October 1 on the assessed value listed as of the prior January 1 for all real and business personal property located in the City. Taxes are due October 1 and become delinquent after the following January 31. Penalty and interest is charged at 7% on delinquent taxes beginning February 1 and increases each month to a maximum of 18% on July 1. Assessed values are established at 100% of estimated market value and certified by the Board of Equalization. The assessed value for the roll of January 1, 2016, upon which the fiscal year 2017 levy was based, was $3,934,914,024.

The City is permitted by Article XI, Section 5 of the State of Texas Constitution to levy taxes up to $2.50 per $100 of assessed valuation for general governmental services, including the payment of principal and interest on general obligation long-term debt. However, on May 3, 2003, the citizens of Rowlett approved modifications to the City's Home Rule Charter, including a provision to cap the levy of property taxes at $1.25 per $100 of assessed valuation.

The tax rate for the year ended September 30, 2017 was $.787173 per $100, of which $0.551169 was allocated for general government and $0.236004 was allocated for the payment of principal and interest on general obligation debt. Taxes are due October 1. Full payment can be made prior to the next January 31 to avoid penalty and interest charges. Tax collections, including past delinquencies, for the year ended September 30, 2017, were 99.39% of the tax levy.

In Texas, countywide central appraisal districts are required to assess all property within the appraisal district on the basis of 100% of its appraised value and are prohibited from applying any assessment ratios. The value of property within the appraisal district must be reviewed every four years; however, the City may, at its own expense, require annual reviews of appraised values.

The City may challenge appraised values established by the appraisal district through various appeals and, if necessary, legal action. Under this legislation, the City continues to set tax rates on City property. However, if the effective tax rate, excluding tax rates for bonds and other contractual obligations, adjusted for new improvements, exceeds the rate for the previous year by more than 8%, qualified voters of the City may petition for an election to determine whether to limit the tax rate to no more than 8% above the tax rate of the previous year.

This legislation provides that, if approved by the qualified voters in the City, both the appraisal and collection functions may be placed with the appraisal district. In addition, the City may obtain approval from its governing body to place these functions with the appraisal district. As of September 1, 1997, the City contracted with Dallas County to bill and collect the City's property taxes.

Note 5. Receivables

Receivables as of the year end for the City's individual major and nonmajor funds in the aggregate, including the applicable allowances for uncollectible accounts, are as follows:

Receivables	General	Debt Service	Capital Projects	Nonmajor Governmental Funds	Water and Sewer	Refuse	Drainage	Internal Service	Total
Interest	$ 5,220	$ 190	$ 16,128	$ 2,257	$ 7,059	$ 146	$ 681	$ -	$ 31,681
Court	-	-	-	672	-	-	-	-	672
Ambulance	870,954	-	-	-	-	-	-	-	870,954
Lot mowing	327,897	-	-	-	-	-	-	-	327,897
Sales tax	1,196,417	-	-	-	-	-	-	-	1,196,417
Hotel/motel tax	-	-	-	7,575	-	-	-	-	7,575
Property tax	351,708	155,082	-	-	-	-	-	-	506,790
Customer accounts	-	-	-	-	4,289,147	772,782	194,663	-	5,256,592
Other accounts	103,316	-	-	-	373,614	1,591	-	18,374	496,895
Franchise fees	915,918	-	-	38,062	-	-	-	-	953,980
911 fees	35,778	-	-	-	-	-	-	-	35,778
Gross receivables	3,807,208	155,272	16,128	48,566	4,669,820	774,519	195,344	18,374	9,685,231
Less: allowance for uncollectibles	(723,103)	(16,536)	-	-	(93,717)	(23,860)	(5,106)	-	(862,322)
Net total receivables	$ 3,084,105	$ 138,736	$ 16,128	$ 48,566	$ 4,576,103	$ 750,659	$ 190,238	$ 18,374	$ 8,822,909

Revenue Recognition

Governmental funds report unavailable revenue in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. Governmental funds also report unearned revenue in connection with resources that have been received, but not yet earned. At the end of the current fiscal year, the various components of unavailable revenue and unearned revenue reported in the governmental funds were as follows:

	Unavailable	Unearned
Delinquent property tax receivable	$ 452,518	$ -
Ambulance	243,646	-
Mowing liens	272,226	-
Intergovernmental	471,309	171,215
Franchise Fees	171,957	-
Other	15,899	1,211
Total unavailable/unearned for governmental funds	$ 1,627,555	$ 172,426

Note 6. Capital Assets

Capital asset activity as of September 30, 2017 was as follows:

	Beginning Balance	Additions	Transfers/ Retirements	Ending Balance
Governmental activities:				
Capital assets not being depreciated:				
Land	$ 29,105,819	$ 482,046	$ (99,602)	$ 29,488,263
Construction in progress	6,560,597	9,878,805	(1,724,514)	14,714,888
Total capital assets not being depreciated	35,666,416	10,360,851	(1,824,116)	44,203,151
Capital assets being depreciated:				
Buildings	21,919,543	348,373	7,721	22,275,637
Improvements other than buildings	24,800,603	20,445	(10,580)	24,810,468
Machinery and equipment	20,017,711	461,422	(859,822)	19,619,311
Infrastructure	125,324,626	757,831	1,604,916	127,687,373
Total capital assets being depreciated	192,062,483	1,588,071	742,235	194,392,789
Less accumulated depreciation:				
Buildings	(7,944,573)	(571,993)	1,125	(8,515,441)
Improvements other than buildings	(20,634,595)	(395,630)	6,877	(21,023,348)
Machinery and equipment	(11,562,644)	(2,448,168)	944,006	(13,066,806)
Infrastructure	(82,748,609)	(5,200,256)	-	(87,948,865)
Total accumulated depreciation	(122,890,421)	(8,616,047)	952,008	(130,554,460)
Total capital assets being depreciated, net	69,172,062	(7,027,976)	1,694,243	63,838,329
Governmental activities capital assets, net	$ 104,838,478	$ 3,332,875	$ (129,873)	$ 108,041,480

	Beginning Balance	Additions	Transfers/ Retirements	Ending Balance
Business-type activities:				
Capital assets not being depreciated:				
Land	$ 941,580	$ 68,500	$ -	$ 1,010,080
Construction in progress	10,604,647	7,052,087	(84,034)	17,572,700
Total capital assets not being depreciated	11,546,227	7,120,587	(84,034)	18,582,780
Capital assets being depreciated:				
Buildings	1,100,819	-	-	1,100,819
Improvements other than buildings	290,606	-	(17,665)	272,941
Machinery and equipment	10,617,220	134,188	(415,833)	10,335,575
Infrastructure	170,709,312	1,236,984	61,034	172,007,330
Total capital assets being depreciated	182,717,957	1,371,172	(372,464)	183,716,665
Less accumulated depreciation:				
Buildings	(516,095)	(28,642)	-	(544,737)
Improvements other than buildings	(260,315)	(2,773)	17,666	(245,422)
Machinery and equipment	(6,108,117)	(1,075,612)	413,573	(6,770,156)
Infrastructure	(82,585,752)	(5,583,902)	23,000	(88,146,654)
Total accumulated depreciation	(89,470,279)	(6,690,929)	454,239	(95,706,969)
Total capital assets being depreciated, net	93,247,678	(5,319,757)	81,775	88,009,696
Business-type activities capital assets, net	$ 104,793,905	$ 1,800,830	$ (2,259)	$ 106,592,476

Depreciation expense was charged to functions/programs of the primary government as follows:

Governmental activities:		
General government	$	614,224
Public safety		1,627,041
Public works		5,718,926
Culture and recreation		624,298
Community development		31,558
Total depreciation expense - governmental activities	$	8,616,047
Business-type activities:		
Water and sewer	$	5,562,096
Refuse		4,847
Drainage		1,123,986
Total depreciation expense - business-type activities	$	6,690,929

Note 7. Employee's Retirement System

Plan Description

The City participates as one of 872 plans in the nontraditional, joint contributory, hybrid defined benefit pension plan administered by the Texas Municipal Retirement System (TMRS). TMRS is an agency created by the State of Texas and administered in accordance with the TMRS Act, Subtitle G, Title 8, Texas Government Code (the TMRS Act) as an agent multiple-employer retirement system for municipal employees in the State of Texas. The TMRS Act places the general administration and management of the System with a six-member Board of Trustees. Although the Governor, with the advice and consent of the Senate, appoints the Board, TMRS is not fiscally dependent on the State of Texas. TMRS's defined benefit pension plan is a tax-qualified plan under Section 401 (a) of the Internal Revenue Code. TMRS issues a publicly available comprehensive annual financial report (CAFR) that can be obtained at www.tmrs.com.

All eligible employees of the city are required to participate in TMRS.

Benefits Provided

TMRS provides retirement, disability, and death benefits. Benefit provisions are adopted by the governing body of the City, within the options available in the state statutes governing TMRS.

At retirement, the benefit is calculated as if the sum of the employee's contributions, with interest, and the city-financed monetary credits with interest were used to purchase an annuity. Members may choose to receive their retirement benefit in one of seven actuarially equivalent payments options. Members may also choose to receive a portion of their benefit as a Partial Lump Sum Distribution in an amount equal to 12, 24, or 36 monthly payments, which cannot exceed 75% of the member's deposits and interest.

At the date the plan began, the City granted monetary credits for service rendered before the plan began of a theoretical amount equal to 100% of what would have been contributed by the employee, with interest, prior to establishment of the plan. Monetary credits for service since the plan began are a percent (100%, 150%, or 200%) of the employee's accumulated contributions.

The City can grant, as often as annually, another type of monetary credit referred to as an updated service credit (USC) which is a theoretical amount which takes into account salary increases or plan improvements. If at any time during their career an employee earns a USC, this amount remains in their account earning interest at 5% until retirement. At retirement, the benefit is calculated as if the sum of the employee's accumulated contributions with interest and the employer match plus employer-financed monetary credits, such as USC, with interest were used to purchase an annuity. Additionally, the City provides on an annually repeating (automatic) basis cost of living adjustments (COLA) for retirees equal to a percentage of the change in the consumer price index (CPI).

A summary of plan provisions for the City are as follows:

Employee deposit rate	7.0%
Matching ratio (city to employee)	2 to 1
Years required for vesting	5
Service retirement eligibility	20 years at any age, 5 years at age 60 and above
Updated service credit	100% repeating
Annuity increase (to retirees)	50% of CPI repeating

The City does not participate in Social Security.

Employees Covered by Benefit Terms

At the December 31, 2016 valuation and measurement date, the following employees were covered by the benefit terms:

Retirees or beneficiaries currently receiving benefits	202
Inactive employees entitled to but not yet receiving benefits	246
Active employees	363
	811

Contributions

The contribution rates for employees in TMRS are either 5%, 6%, or 7% of employee gross earnings, and the City matching percentages are either 100%, 150%, or 200%, both as adopted by the governing body of the City. Under the state law governing TMRS, the contribution rate for each city is determined annually by the consulting actuary, using the Entry Age Normal (EAN) actuarial cost method. The actuarially determined rate is the estimated amount necessary to finance the cost of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability.

Employees for the City were required to contribute 7% of their annual gross earnings during the fiscal year. The contribution rates for the City were 12.42% and 13.00% in calendar years 2016 and 2017, respectively. The City's contributions to TMRS for the year ending September 30, 2017, were $2,973,731, and were equal to the required contributions.

Net Pension Liability

The City's Net Pension Liability (NPL) was measured as of December 31, 2016, and the Total Pension Liability (TPL) used to calculate the Net Pension Liability was determined by an actuarial valuation as of that date.

Actuarial assumptions –

The Total Pension Liability in the December 31, 2016 actuarial valuation was determined using the following actuarial assumptions:

Inflation	2.5% per year
Overall payroll growth	3.0% per year
Investment Rate of Return	6.75%, net of pension plan investment expense, including inflation

Salary increases were based on a service-related table. Mortality rates for active members, retirees, and beneficiaries were based on the gender-distinct RP2000 Combined Healthy Mortality Tables with Blue Collar Adjustment, with male rates multiplied by 109% and female rates multiplied by 103%. The rates are projected on a fully generational basis by scale BB to account for future mortality improvements. For disabled annuitants, the gender-distinct RP2000 Combined Healthy Mortality Tables with Blue Collar Adjustment are used with slight adjustments.

Actuarial assumptions used in the December 31, 2016, valuation were based on the results of actuarial experience studies. The experience study in TMRS was for the period December 31, 2010 through December 31, 2014. Healthy post-retirement mortality rates and annuity purchase rates were updated based on a Mortality Experience Investigation Study covering 2009 through 2011, and dated December 31, 2013. These assumptions were first used in the December 31, 2013 valuation, along with a change to the Entry Age Normal (EAN) actuarial cost method. Assumptions are reviewed annually. Plan assets are managed on a total return basis with an emphasis on both capital appreciation as well as the production of income, in order to satisfy the short-term and long-term funding needs of TMRS.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. In determining their best estimate of a recommended investment return assumption under the various alternative asset allocation portfolios, GRS focused on the area between (1) arithmetic mean (aggressive) without an adjustment for time (conservative) and (2) the geometric mean (conservative) with an adjustment for time (aggressive). The target allocation and best estimates of real rates of return for each major asset class in fiscal year 2017 are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return (Arithmetic)
Domestic Equity	17.5%	4.55%
International Equity	17.5%	6.35%
Core Fixed Income	10.0%	1.00%
Non-Core Fixed Income	20.0%	4.15%
Real Return	10.0%	4.15%
Real Estate	10.0%	4.75%
Absolute Return	10.0%	4.00%
Private Equity	5.0%	7.75%
Total	100.0%	

Discount Rate

The discount rate used to measure the Total Pension Liability was 6.75%. The projection of cash flows used to determine the discount rate assumed that employee and employer contributions will be made at the rates specified in statute. Based on that assumption, the pension plan's Fiduciary Net Position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the Total Pension Liability.

Changes in the Net Pension Liability

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balance at 12/31/2015	$ 109,276,239	$ 94,377,526	$ 14,898,713
Changes for the year:			
Service cost	3,690,762	-	3,690,762
Interest	7,372,900	-	7,372,900
Difference between expected and actual experience	71,676	-	71,676
Changes of assumptions	-	-	-
Contributions - employer	-	2,763,065	(2,763,065)
Contributions - employee	-	1,557,284	(1,557,284)
Net investment income	-	6,379,417	(6,379,417)
Benefit payments, including refunds of employee contributions	(3,786,938)	(3,786,938)	-
Administrative expense	-	(72,034)	72,034
Other changes	-	(3,881)	3,881
Net changes	7,348,400	6,836,913	511,487
Balance at 12/31/2016	$ 116,624,639	$ 101,214,439	$ 15,410,200

Sensitivity of the net pension liability to changes in the discount rate –

The following presents the net pension liability of the City, calculated using the discount rate of 6.75%, as well as what the City's net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (5.75%) or 1-percentage-point higher (7.75%) than the current rate:

	1% Decrease in Discount Rate (5.75%)	Discount Rate (6.75%)	1% Increase in Discount Rate (7.75%)
City's net pension liability	$ 33,314,452	$ 15,410,200	$ 871,615

Pension Plan Fiduciary Net Position

Detailed information about the pension plan's Fiduciary Net Position is available in a separately-issued TMRS financial report. That report may be obtained on the Internet at www.tmrs.com.

Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

For the year ended September 30, 2017, the City recognized pension expense of $4,837,839.

At September 30, 2017, the City reported deferred outflows and inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	$ 193,536	$ (363,225)
Changes in actuarial assumptions	746,837	-
Difference between projected and actual investment earnings	4,266,790	-
Contributions subsequent to the measurement date	2,303,739	-
Total	$ 7,510,902	$ (363,225)

$2,303,739 reported as deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability for the measurement year ending December 31, 2017 (i.e. recognized in the City's financial statements September 30, 2018).

Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

Measurement year ended December 31:	
2017	$ 1,626,028
2018	1,772,164
2019	1,441,765
2020	3,981
Total	$ 4,843,938

Note 8. Long-Term Debt

A summary of long-term debt transactions, including the current portion, as of September 30, 2017, was as follows:

	Balance October 1, 2016	Issued Incurred	Retired or Refunded	Balance September 30, 2017	Due Within One Year
Governmental activities					
General obligation bonds	$ 58,866,953	$ 10,930,000	$ 5,902,959	$ 63,893,994	$ 6,613,065
Combined tax and surplus revenue certificates of obligation	2,700,000	-	155,000	2,545,000	160,000
Limited tax notes	1,070,000	-	175,000	895,000	175,000
Capital leases	4,271,557	-	1,038,218	3,233,339	766,167
Bond premiums	4,983,517	440,012	742,321	4,681,208	-
Compensated absences	3,008,610	243,786	52,052	3,200,344	321,295
Net pension liability	13,702,528	470,057	-	14,172,585	-
Unfunded OPEB obligation	1,361,772	-	64,922	1,296,850	-
Governmental activities long-term debt	$ 89,964,937	$ 12,083,855	$ 8,130,472	$ 93,918,320	$ 8,035,527
Business-type activities					
Water and sewer revenue bonds	$ 23,215,000	$ -	$ 2,185,000	$ 21,030,000	$ 1,975,000
General obligation bonds	12,693,047	-	1,502,041	11,191,006	1,561,935
Capital leases	3,721,764	-	948,140	2,773,624	860,621
Bond premiums	2,134,112	-	400,405	1,733,707	-
Compensated absences	122,363	41,651	8,104	155,910	15,652
Net pension liability	1,196,185	41,430	-	1,237,615	-
Unfunded OPEB obligation	165,019	-	9,536	155,483	-
Business-type activities long-term debt	$ 43,247,490	$ 83,081	$ 5,053,226	$ 38,277,345	$ 4,413,208

For the governmental activities, the net pension liability and the other post-employment benefit obligation are generally liquidated by the General Fund.

Long-term debt for governmental activities at September 30, 2017 includes the following individual issues:

	Original Issue Amount	Interest Rate (%)	Maturity Date	Outstanding	Due Within One Year
Governmental activities					
General obligation bonds:					
2010 Refunding	10,825,000	2.00-3.00	2/15/22	$ 4,735,000	$ 935,000
2011 Refunding	7,860,000	2.00-4.00	2/15/23	4,695,000	1,100,000
2012 Refunding	6,271,149	2.00-5.00	2/15/29	4,563,994	583,065
2013 Refunding	7,385,000	2.50-5.00	2/15/25	7,220,000	-
2014 Refunding	3,750,000	3.00-4.40	8/15/39	3,455,000	105,000
2015 Refunding and improvements	29,460,000	3.00-5.00	2/15/35	24,190,000	3,050,000
2016 Various purpose	4,105,000	4.00-5.00	2/15/36	4,105,000	-
2017 Various purpose	10,930,000	2.00-5.00	2/15/37	10,930,000	840,000
				63,893,994	6,613,065
Combination tax and revenue certificates of obligation:					
2015 Various purpose	2,885,000	3.00 - 4.00	2/15/30	2,545,000	160,000
				2,545,000	160,000
Tax notes					
2015 Tax note	1,235,000	0.63 - 2.02	2/15/22	895,000	175,000
Total governmental activities long-term bonded debt				67,333,994	6,948,065
Plus:					
Premiums and discounts				4,681,208	-
Net government activities long-term bonded debt				$ 72,015,202	$ 6,948,065

Long-term debt for business activities at September 30, 2017 includes the following individual issues:

	Original Issue Amount	Interest Rate (%)	Maturity Date	Outstanding	Due Within One Year
Business-type activities					
Utility system revenue bonds:					
2012 Various purpose	8,525,000	2.00-3.50	3/1/32	$ 6,810,000	$ 370,000
2014 Various purpose	4,825,000	1.00-4.00	3/1/34	4,310,000	185,000
2015 Refunding	12,330,000	1.50-5.00	3/1/26	9,910,000	1,420,000
				21,030,000	1,975,000
General obligation bonds:					
2011 Refunding	1,140,000	2.00-4.00	2/15/23	540,000	125,000
2012 Refunding	10,883,851	2.00-5.00	2/15/29	7,921,006	1,011,935
2013 Refunding	525,000	3.00-3.00	2/15/18	180,000	180,000
2015 Refunding	2,780,000	3.00-5.00	2/15/26	2,550,000	245,000
				11,191,006	1,561,935
Total business-type activities long-term bonded debt				32,221,006	3,536,935
Plus:					
Premiums and discounts				1,733,707	-
Net business-type activities long-term bonded debt				$ 33,954,713	$ 3,536,935

The annual requirements to amortize general and certificates of obligations bonds as of September 30, 2017 are summarized below:

	General and Certificates of Obligation Bonds					
Year Ended	Governmental Activities			Business-type Activities		
September 30,	Principal	Interest	Total	Principal	Interest	Total
2018	$ 6,948,065	$ 2,644,606	$ 9,592,672	$ 1,561,935	$ 449,833	$ 2,011,767
2019	6,304,515	2,358,478	8,662,993	1,430,485	398,646	1,829,131
2020	6,219,138	2,089,720	8,308,857	1,475,862	348,426	1,824,288
2021	6,167,899	1,828,351	7,996,250	1,502,101	291,571	1,793,672
2022	6,090,316	1,560,080	7,650,396	1,429,684	224,512	1,654,196
2023-2027	18,874,921	4,875,503	23,750,424	3,775,079	261,567	4,036,646
2028-2032	8,939,139	2,441,280	11,380,419	15,859	567	16,426
2033-2037	7,330,000	756,313	8,086,313	-	-	-
2038-2039	460,002	30,580	490,582	-	-	-
Total	$ 67,333,994	$ 18,584,910	$ 85,918,905	$ 11,191,006	$ 1,975,122	$ 13,166,127

The annual requirements to amortize water and sewer revenue bonds as of September 30, 2017 are summarized below:

Year Ended September 30,	Water and Sewer Revenue Bonds		
	Principal	Interest	Total
2018	$ 1,975,000	$ 712,650	$ 2,687,650
2019	2,050,000	639,175	2,689,175
2020	1,845,000	577,463	2,422,463
2021	1,560,000	531,706	2,091,706
2022	1,600,000	485,200	2,085,200
2023-2027	7,255,000	1,507,331	8,762,331
2028-2032	4,075,000	513,488	4,588,488
2033-2037	670,000	27,000	697,000
Total	$ 21,030,000	$ 4,994,013	$ 26,024,013

As of September 30, 2017, the City had authorized but unissued general obligation bonds outstanding as follows:

Date	Purpose	Amount Authorized	Previously Issued	Unissued Balance
5/19/2015	Streets	$ 8,367,340	$ 8,367,340	$ -
5/19/2015	Parks and recreation	1,813,610	1,813,610	-
5/19/2015	Public safety	996,050	996,050	-
		$ 11,177,000	$ 11,177,000	$ -

Bond Issuances

On August 17, 2017, the City issued "City of Rowlett General Obligation Bonds, Series 2017," totaling $10,930,000 to finance the construction and improvement of city streets, municipal parks and recreation facilities and public safety facilities. These bonds incur an average cost over the life of the bonds at a rate of 2.00-5.00% and mature annually with semi-annual interest payments. The bonds will fully mature in 2037.

Revenue Bonds

Revenue Bonds are used to finance the acquisition of major capital improvements for the water and sewer system and related facilities. These revenue bonds constitute special obligations of the City solely secured by a lien on and pledge of net revenues of the water and sewer system.

The revenue bonds are collateralized by the revenue of the water and sewer system and the various special funds established by the bond ordinances. The ordinances provide that the revenue of the system is to be used first to pay operating and maintenance expenses of the system, second to establish and maintain the debt service fund and third to establish and maintain a required reserve fund. Any net revenues remaining may be used for any lawful purpose. For fiscal year 2017, net revenue available for debt service was 6.12 times the average annual debt service requirement. The ordinances also contain provisions which, among other items, restrict the issuance of additional revenue bonds unless the special funds noted above contain required amounts and certain financial ratios are met.

Compliance with Debt Covenants

At September 30, 2017, and for the year then ended, the City was in compliance with all financial bond covenants on outstanding revenue and general obligation bonded debt.

Capital Leases

The City previously entered into an agreement with US Bancorp Government Leasing and Financing, Inc. to purchase water meters and parts, haul trucks and a trailer. The agreement is for an approximate sixty-six month term based on delivery of equipment and expires on July 15, 2020. Payments are $132,968 annually and carry an effective interest rate of 1.645%.

The City previously entered into an agreement with US Bancorp Government Leasing and Financing, Inc. to purchase a patch truck, backhoes, and a Gradall excavator. The agreement is for an approximate ninety month term based on delivery of equipment and expires on July 15, 2022. Payments are $116,620 annually and carry an effective interest rate of 1.905%.

The City previously entered into an agreement with US Bancorp Government Leasing and Financing, Inc. to purchase fire trucks. The agreement is for ten annual payments and expires on November 1, 2024. Payments are $198,831 annually and carry an effective interest rate of 2.01%.

The City previously entered into an agreement with Clayton Holdings, L.L.C. to purchase fire protective clothing and bunker gear. The agreement is for five annual payments and expires on July 10, 2019. Payments are $49,706 annually and carry an effective interest rate of 1.57%.

The City previously entered into an agreement with Clayton Holdings, L.L.C. to purchase a fuel management system. The agreement is for seven annual payments and expires on July 10, 2021. Payments are $15,339 annually and carry an effective interest rate of 1.79%.

The City previously entered into an agreement with Clayton Holdings, L.L.C. to purchase water meters. The agreement is for five annual payments and expires on July 10, 2019. Payments are $54,670 annually and carry an effective interest rate of 1.56%.

The City previously entered into an agreement with Whitney Bank to purchase three maintenance trucks. The agreement is for seven annual payments and expires on August 22, 2021. Payments are $110,546 annually and carry an effective interest rate of 1.632%.

The City previously entered into an agreement with SunTrust Leasing Corporation to purchase an enterprise resource planning system. The agreement is for an approximate 75 month term based on delivery of the equipment and expires on August 15, 2020. Payments are $126,327 annually and carry an effective interest rate of 1.82%.

The City previously entered into an agreement with Pinnacle Public Finance Inc. to purchase a self-contained breathing apparatus. The agreement is for an approximate 108 month term based on delivery of the equipment and expires on October 31, 2023. Payments are $44,683 annually and carry an effective interest rate of 2.63%.

The City previously entered into an agreement with Pinnacle Public Finance Inc. to purchase two ambulances and a payroll system. Both agreements are for approximate 48 month terms based on delivery of the equipment and both expire on October 31, 2018. Payments are $75,430 and $76,350, respectively, annually and carry an effective interest rate of 2.00%.

The City previously entered into an agreement with SunTrust Leasing Corporation to purchase water meters. The agreement is for an approximate 50 month term based on delivery of the equipment and expires on October 15, 2018. Payments are $89,035 annually and carry an effective interest rate of 1.38%.

The City previously entered into an agreement with Clayton Holdings to purchase a diesel chassis with crane. The agreement is for an approximate 72 month term based on delivery of the equipment and expires on December 17, 2018. Payments are $22,824 annually and carry an effective interest rate of 1.61%.

The City previously entered into an agreement with Capital One to purchase police and fire software. The agreement is for a nine year term based on delivery of the equipment and expires on September 30, 2020. Payments are $80,085 annually and carry an effective interest rate of 2.58%.

The City previously entered into an agreement with SunTrust Equipment Finance & Leasing Corp. to purchase two fire trucks. The agreement is for an approximate 110 month term based on delivery of the equipment and expires on October 31, 2019. Payments are $99,888 annually and carry an effective interest rate of 2.77%.

The City previously entered into an agreement with SunTrust Equipment Finance & Leasing Corp. in 2005 totaling $5,183,559 to replace its water meter system and for various facility improvements. The agreement is for a fifteen year term expiring on July 10, 2020. Payments are made quarterly, ranging from $108,000 to $128,000 and carries an effective interest rate of 3.99%. Responsibility for repaying the debt is split between the General Fund and Water and Sewer Fund at 9.5% and 90.5% respectively.

The assets acquired through capital leases are as follows:

	Water and Sewer	Governmental Activities	Total
Asset:			
Motor vehicles	$ 1,161,946	$ 3,560,208	$ 4,722,154
Machinery and equipment	6,284,952	3,851,162	10,136,114
Less: accumulated depreciation	(4,932,409)	(3,936,761)	(8,869,170)
Total	$ 2,514,489	$ 3,474,609	$ 5,989,098

Pursuant to the terms of the capital lease agreements, the following schedule represents the net present value of these minimum lease payments as of September 30:

Year Ending September 30,	Water and Sewer	Governmental Activities	Total
2018	$ 930,270	$ 837,088	$ 1,767,358
2019	930,270	837,088	1,767,358
2020	763,740	566,866	1,330,606
2021	201,942	268,739	470,681
2022	91,357	268,777	360,134
2023-2025	-	685,860	685,860
Total minimum lease payments	2,917,579	3,464,418	6,381,997
Less: amount representing interest	(143,955)	(231,079)	(375,034)
Present value of minimum lease payments	$ 2,773,624	$ 3,233,339	$ 6,006,963

Special Assessment Bonds

The government also issued special assessment debt in 2017 to provide funds for the cost of acquisition and construction of certain improvement projects and related debt issuance reserves and costs pertaining to the South Improvement Area of the Bayside Public Improvement District. These bonds will be repaid from amounts levied against property owners benefitted by this construction. Those amounts, including interest are 100 percent pledged to pay the scheduled principal and interest payments on the special assessment bonds. The bonds are secured by and payable from a first lien on and pledge of the Trust Estate. The bonds have a stated rate of interest of 6.68 percent and are payable over the next 30 years.

	Sale Date	Original Borrowing	Interest Rate	Maturity Date	Outstanding
South	9/18/2017	$ 36,450,000	6.68	9/15/2047	$ 36,450,000
North	3/15/2016	$ 13,515,000	4.90 - 6.00	9/15/2046	13,515,000

Note 9. Insurance

The City is exposed to various risks of loss related to torts, theft of, damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During fiscal year 2017, the City purchased commercial insurance from Texas Municipal League (TML), a public entity risk pool, to cover these general liabilities, including worker's compensation. Both TML and the City purchased reinsurance and do not retain the entire risk of loss.

Policy	Retention	Limits of Liability
General Liability	$2,500 per occurrence	$2,000,000 per occurrence and $4,000,000 policy aggregate
Law Enforcement Liability & Errors and Omissions	$10,000 per occurrence	$3,000,000 per occurrence and $6,000,000 policy aggregate
Worker's Compensation	$0 per occurrence	Statutory
Property Loss	$1,000 per occurrence	$101,204,031
Automobile Liability	$2,500 per occurrence	$1,000,000 per occurrence and $25,000 each person
Automobile Physical Damage	$10,000 per occurrence $500 each vehicle	Agreed value as scheduled

The City maintains a self-insurance program for health insurance. Group medical benefits are paid from the Self-Insurance Fund (Internal Service Fund), which has an annually negotiated stop loss provision through Aetna. Revenues are recognized from payroll deductions from employee dependent coverage and from City contributions for employee coverage. The liabilities for insurance claims reported in the City's Self-Insurance Fund is based on GASB Statement No. 10, which requires that a liability for claims be reported if information prior to the issuance of the financial statements indicates that it is probable that a liability has been incurred at the date of the financial statements and the amount of loss can be reasonably estimated. These liabilities include an estimate for incurred but not reported (IBNR) claims. Change in the fund's claim liability in fiscal year 2017 and 2016 is as follows:

Fund		Liability, Beginning of year	Current year Claims and Changes in Estimates	Claim Payments	Liability, End of year
Self-Insurance	**2017**	$399,067	$4,886,021	$4,824,945	$460,143
Self-Insurance	**2016**	$284,472	$3,742,486	$3,627,891	$399,067

For all insurance categories, there were no significant reductions in coverage in the past fiscal year, and there were no settlements exceeding insurance coverage in each of the past three fiscal years.

Note 10. Interfund Transactions

A summary of interfund receivables and payables at September 30, 2017 is as follows:

	Due to	
	Nonmajor Governmental Funds	Total
Due from		
General Fund	$ 262,610	$ 262,610
Capital Projects	27,133	27,133
	$ 289,743	$ 289,743

Interfund receivables and payables are primarily used to account for cash owed between funds that are expected to be repaid within one year or less.

The detail transfer schedule for the year ended September 30, 2017 was as follows:

Transfers from	Transfer to	Amount	Reason for Transfer
General	Capital projects	$ 3,504,302	Cash fund capital projects
	Debt service	241,990	Debt service payments
	Special Revenue	10,000	Reclass eligible costs
Capital projects	Special Revenue	50,000	Reclass eligible costs
Non-Major Governmental	General	1,599	Reclass eligible costs
Water and sewer	General	1,340,965	Franchise fee payments
Drainage	Capital projects	99,996	Cash fund capital projects
Refuse	Capital projects	800,004	Cash fund capital projects
	Debt service	240,396	Debt service payments
		$ 6,289,252	

The City makes transfers between its funds for several reasons. General and administrative (indirect) costs are allocated between operating funds, such as the General Fund and Water and Sewer Fund, to recover overhead and administrative cost of service performed by one fund for the benefit of another. The amounts transferred represent the net balance due between the funds based on the services provided.

A transfer from the Water and Sewer Fund to the General Fund is made for payment in lieu of franchise fees and represents similar charges paid by electric, gas, and cable and telecommunication franchises for use of City rights-of-way. This fee is calculated as 5% of gross revenues less interest earnings. The Refuse Fund transfers funds to cover the cost of alley repairs and improvements to the Capital Projects Fund.

Note 11. Deferred Compensation Plan

The City offers its employees a deferred compensation plan created in accordance with the Internal Revenue Code, Section 457. The plan is administered by ICMA Retirement Corporation (IMCA) and contributions are voluntary. All amounts of compensation under this plan are placed into investment pools administered by ICMA. The plan, available to all regular employees, permits them to defer until future years up to 100% of compensation, not to exceed $18,000 ($24,000 if over age 50) per year. The deferred compensation is not available to employees until termination, retirement, death or unforeseeable emergency.

The City has amended its deferred compensation plans to conform with the requirements of subsection (g) of IRC Section 457 making all assets and income of the plans to be held in trust for the exclusive benefit of participants and beneficiaries. In accordance with GASB Statement No. 32, the City's Deferred Compensation Plan is no longer included in the financial statements of the City.

Note 12. Post-Employment Benefits

Post-retirement Health Care Benefits

The City offers its retired employees health insurance benefits through a single-employer defined benefit OPEB plan, under City policy. The benefit plan was established by the City in 2002 and last amended in 2005. No separate pension plan report is issued. This plan is administered by the City and no separate audited financial statements are available.

Retired employees who have satisfied the retirement requirement as defined by the Texas Municipal Retirement System (TMRS) are eligible to participate. The City has elected the retirement requirement as any age with 20 years of service or 5 years of service for age 60 and above. Retirees under 65 retiring under the TMRS system are eligible to receive premium payments of individual (not dependent) health insurance benefits for a period of time equal to one month for every full year of service with the City. Employees are eligible immediately upon retirement and the eligibility only runs from the retirement date. Active employees do not contribute any of their wage toward retiree health care benefits. The City pays the employee-only premium for medical coverage, based on the City's Core Medical Plan Option. Retired employees are required to pay 100% of any additional premium expense for health benefits purchased upon retirement.

Spouse and eligible dependents are eligible to continue to purchase health benefits per Chapter 175 provisions. The City does not pay any portion of spouse or dependent medical coverage.

Annual OPEB Cost and Net OPEB Obligation

The City's annual OPEB cost is calculated based on the annual required contribution of the employer (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of accrual that is projected to recognize the normal cost each year and to amortize any unfunded actuarial liabilities over a period not to exceed 30 years. The City implemented the provisions of GASB 45 for the fiscal year ending September 30, 2009, as required by GASB. The City's annual OPEB cost for the current year and the related information is listed below:

Annual required contribution (ARC)	$ 348,986
Interest net OPEB obligation	103,058
Adjustment to the ARC	(110,510)
Annual OPEB cost	341,534
Employer contribution	(415,992)
Increase in net OPEB obligation	(74,458)
Net OPEB obligation, beginning of year	1,526,791
Net OPEB obligation, end of year	$ 1,452,333

The City's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for the prior three years follow:

Fiscal Year Ended	OPEB Cost	Employer Contribution	Percentage Contributed	OPEB Obligation
9/30/15	$ 419,082	$ 219,730	52.43%	$ 1,563,620
9/30/16	338,513	375,342	110.88%	1,526,791
9/30/17	341,534	415,992	121.80%	1,452,333

Funding Status and Funding Progress

Actuarial Valuation Date	Actuarial Value of Assets	Accrued Liability (AAL)	Unfunded (AAL) (UAAL)	Funded Ratio	Fiscal Year	Covered Payroll
12/31/13	-	3,432,848	3,432,848	0.0%	2015	21,685,946
12/31/15	228,273	3,309,891	3,081,618	6.9%	2016	22,428,002
12/31/15	228,273	3,309,891	3,081,618	6.9%	2017	23,115,523

Actuarial Methods and Assumptions

Projection of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and plan members) and include the type of benefit provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and the plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

Actuarial valuation date	December 31, 2013	December 31, 2015
Actuarial cost method	Projected unit credit	Entry age
Amortization method	Level percent of payroll	Level percent of payroll
Remaining amortization period	30 years; open	24 years; closed
Asset valuation method	Market value	Market value
Actuarial assumption:		
Investment rate of return	4.50%	6.75%
Payroll growth rate	3.00%	1.50%
General inflation rate	3.00%	2.50%

Note 13. Tax Abatement

The City of Rowlett enters into economic development agreements designed to promote development and redevelopment within the City, spur economic development, stimulate commercial activity, generate additional taxes that enhance the property tax base, and provide job opportunities for our citizens. The City's economic development agreements are authorized under Chapter 380 of the Local Government Code and Chapter 311 (Tax Increment Financing Act) and Chapter 312 (Property Redevelopment and Tax Abatement Act) of the Texas Tax Code. Recipients may be eligible to receive incentives based on employment impact, economic impact or community impact as defined in the City's Policy on Economic Development Incentives. The City Economic Development staff also utilizes a third party software program to measure the economic impact of each project. Each economic development incentive agreement includes performance measures that are required for each recipient to meet and clawback provisions if such measures are not achieved.

The City has three categories of economic development agreements:

- General Economic Development - The City enters into various agreements under Chapter 380 of the Texas Local Government Code to stimulate economic development. Agreements may rebate a flat amount or percentage of property tax received by the City; may result in fee reductions or waivers including building inspection fees or impact fees; or may make lump sum grant payments for tenant improvements, grease traps, infrastructure improvements, or other expenses. For FY 2017 the City of Rowlett rebated $4,725 in taxes.

- Tax Abatements – The City does not currently have any active tax abatement agreements but will consider them on a case-by-case basis for future projects.

- Tax Increment Financing - The City of Rowlett has two active Tax Increment Financing zones (TIFs) under Chapter 311 of the Texas Tax Code. The City enters into economic development and infrastructure reimbursement agreements which earmark TIF revenues for payments to developers and represent obligations over the life of the TIF or until all terms of the agreements have been met. The City has not made any payments under either TIF District to date.

Note 14. Commitments and Contracts

The City has several long-term agreements with significant commitments as follows:

A. North Texas Municipal Water District Water Purchase Agreement – The City has a long-term contract with the North Texas Municipal Water District for the purchase of treated water. The original contract for water is dated June 3, 1965, and is for a period of 40 years. An amendatory contract was approved May 3, 1994 to extend the contract for a period of 30 years from the date of this amendment. Over the years, the contract has been amended to provide for additional services as the City has grown. Currently, the City receives water at three take points. For the year ended September 30, 2017, the City contracted for an annual requirement of 3,192,039,000 gallons. The actual amount of water taken was 2,305,745,000 gallons.

B. City of Garland Sewage Treatment Agreement – The City entered into a contract with the City of Garland for sewage treatment effective April 2, 1991, which was later amended on June 8, 1994. Payments are determined based on actual metered flows into the City of Garland's treatment facility. No minimum payments are required. Rates are reviewed yearly and adjusted under the terms of the contract. The contract is in force until April 1, 2020.

C. Solid Waste Disposal Contract – In May 2012, the City contracted with Waste Management to provide collection of refuse and recyclable materials within the corporate limits of the City. The initial contract is for a period of five years beginning October 1, 2012, and shall automatically extend for one successive five-year term unless either party terminates the contract in writing. Collection rates may be adjusted yearly based upon the terms of the contract. An administrative fee assessed by the City is retained in the Enterprise Fund as a charge for service.

D. The City is involved in various claims and litigation arising in the ordinary course of operations, none of which, in the opinion of City officials and management, will have complex material effect on the City's financial position.

E. The City has received federal and state grants for specific purposes that are subject to review and audit by the grantor agencies. Such audits could lead to requests for reimbursement to the grantor agency for expenditures disallowed under terms of the grant. In the opinion of management of the City, disallowed cash, if any, would not be material.

F. As discussed in Note 1, Encumbrances, encumbrance accounting is utilized to the extent necessary to assure effective budgetary control and accountability and to facilitate effective cash planning and control. At year end the amount of encumbrances expected to be honored upon performance by the vendor in the next year were as follows:

General fund	$	520,308
Capital projects fund		4,285,099
Nonmajor governmental funds		18,120
Total governmental	$	4,823,527

Note 15. New Accounting Pronouncements

Statement No. 74, "Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans." The requirements of this Statement will take effect for OPEB plan financial statements with fiscal years ending on or after June 30, 2017. The City's OPEB plan year end is December 31.

Statement No. 75, "Accounting and Financial Reporting for Postemployment Benefits Other than Pensions." The requirements of this Statement are effective for financial statements with the fiscal year ending September 30, 2018.

Statement No. 77, "Tax Abatement Disclosures." The requirements of this Statement are effective for the current year.

Statement No. 78. "Pensions Provided through Certain Multiple-Employer Defined Benefit Pension Plans." The requirements of this Statement are effective for the current year.

Statement No. 81. "Irrevocable Split-Interest Agreements." The requirements of this Statement will take effect for financial statements starting with the fiscal year ending September 30, 2018.

Statement No. 82. "Pensions Issues - an amendment of GASB Statements No. 67, No. 68, and No. 70." The requirements of this Statement will take effect for financial statements starting with the fiscal year ending September 30, 2018, except for the requirements of this Statement for the selection of assumptions in a circumstance in which an employer's pension liability is measured as of a date other than the employer's most recent fiscal year-end.

Rowlett
TEXAS

Required
Supplementary Information
(Unaudited)

City of Rowlett, Texas

Schedule of Revenues, Expenditures, and Changes
In Fund Balance – Budget (GAAP Basis) and Actual
General Fund
For The Fiscal Year Ended September 30, 2017

	Original Budget	Final Budget	Actual Amounts	Variance Positive (Negative)
REVENUES				
Taxes:				
Property	$ 21,686,333	$ 21,003,937	$ 20,852,304	$ (151,633)
Sales	6,922,291	6,922,291	6,869,068	(53,223)
Other	69,400	69,400	93,459	24,059
Franchise fees	3,030,165	3,030,165	2,854,143	(176,022)
Licenses and permits	1,440,570	1,440,570	1,161,674	(278,896)
Charge for services	2,968,211	2,968,211	3,553,951	585,740
Fines and forfeitures	886,902	886,902	944,360	57,458
Intergovernmental	235,411	235,411	233,355	(2,056)
Interest	47,055	47,055	86,565	39,510
Miscellaneous	996,314	1,272,690	1,309,352	36,662
Total revenues	38,282,652	37,876,632	37,958,231	81,599
EXPENDITURES				
Current operating:				
General government	3,967,386	4,062,842	4,051,450	11,392
Public safety	19,887,813	19,760,898	19,972,165	(211,267)
Public works	3,046,906	2,870,793	2,395,039	475,754
Culture and recreation	5,027,709	5,059,740	4,748,815	310,925
Community development	3,601,347	3,628,184	3,260,438	367,746
Debt service:				
Principal retirement	1,112,944	1,146,320	1,038,218	108,102
Interest and fiscal charges	-	-	93,876	(93,876)
Capital outlay	723,250	854,951	526,059	328,892
Total expenditures	37,367,355	37,383,728	36,086,060	1,297,668
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	915,297	492,904	1,872,171	1,379,267
OTHER FINANCING SOURCES (USES)				
Transfers from other funds	1,453,442	1,453,442	1,342,564	(110,878)
Transfers to other funds	(2,187,212)	(2,389,226)	(3,756,292)	(1,367,066)
Proceeds from sale of assets	-	-	1,417,865	1,417,865
Total other financing sources (uses)	(733,770)	(935,784)	(995,863)	(60,079)
CHANGE IN FUND BALANCE	181,527	(442,880)	876,308	1,319,188
TOTAL FUND BALANCE, BEGINNING	7,909,934	7,909,934	7,909,934	-
TOTAL FUND BALANCE, ENDING	$ 8,091,461	$ 7,467,054	$ 8,786,242	$ 1,319,188

City of Rowlett, Texas
Texas Municipal Retirement System
Schedule of Changes in Net Pension Liability and Related Ratios
For the Fiscal Year Ended September 30, 2017

	2014*	2015*	2016*
Total pension liability			
Service cost	$ 3,106,700	$ 3,555,319	$ 3,690,762
Interest (on the total pension liability)	6,620,134	7,030,685	7,372,900
Changes in benefit terms	-	-	-
Difference in expected and actual experience	(1,127,265)	253,140	71,676
Change in assumptions	-	1,366,618	-
Benefit payments, including refunds of employee contributions	(2,737,302)	(3,180,434)	(3,786,938)
Net change in total pension liability	5,862,267	9,025,328	7,348,400
Total pension liability, beginning of year	94,388,644	100,250,911	109,276,239
Total pension liability, ending of year	$ 100,250,911	$ 109,276,239	$ 116,624,639
Plan fiduciary net position			
Contributions -employer	$ 2,683,946	$ 2,843,382	$ 2,763,065
Contributions -employee	1,398,930	1,524,019	1,557,284
Net investment income	4,970,464	137,446	6,379,417
Benefit payments, including refunds of employee contributions	(2,737,302)	(3,180,434)	(3,786,938)
Administrative expense	(51,890)	(83,712)	(72,034)
Other	(4,266)	(4,134)	(3,881)
Net change in plan fiduciary net position	6,259,882	1,236,567	6,836,913
Plan fiduciary net position - beginning	86,881,077	93,140,959	94,377,526
Plan fiduciary net position - ending	$ 93,140,959	$ 94,377,526	$ 101,214,439
Net pension liability - ending	$ 7,109,952	$ 14,898,713	$ 15,410,200
Plan fiduciary net position as a % of total pension liability	92.91%	86.37%	86.79%
Covered employee payroll	$ 19,984,712	$ 21,771,702	$ 22,246,910
Net pension liability as a % of covered employee payroll	35.58%	68.43%	69.27%

* The schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

City of Rowlett, Texas
Texas Municipal Retirement System
Schedule of Contributions
For the Fiscal Year Ended September 30, 2017

	2015*	2016*	2017*
Actuarially determined contributions	$ 2,852,497	$ 2,821,242	$ 2,973,731
Actual contributions	(2,852,497)	(2,821,242)	(2,973,731)
Contributions deficiency (excess)	$ -	$ -	$ -
City covered employee payroll	$ 21,685,946	$ 22,428,002	$ 23,115,523
Ratio of actual contributions to covered payroll amount	13.15%	12.58%	12.86%

* The schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

Notes to Schedule

Valuation Date

Actuarial determined contribution rates are calculated as of December 31st each year and become effective in January, 13 months later.

Methods and Assumptions Used to Determine Contribution Rates:

Actuarial Cost Method	Entry Age Normal
Amortization Method	Level Percentage of Payroll, Closed
Remaining Amortization Period	29 years
Asset Valuation Method	10 year smoothed market; 15% soft corridor
Inflation	2.5%
Salary Increases	3.5% to 10.5% including inflation
Investment Rate of Return	6.75%
Retirement Age	Experience-based table of rates that are specific to the City's plan of benefits. Last updated for the 2015 valuation pursuant to an experience study of the period 2010 - 2014.
Mortality	RP2000 Combined Mortality Table with Blue Collar Adjustment with male rates multiplied by 109% and female rates multiplied by 103% and projected on a fully generational basis with scale BB.

Other Information

There were no benefit changes during the year.

City of Rowlett, Texas
Other Post-Employment Benefits –
Schedule of Funding Progress
For the Fiscal Year Ended September 30, 2017

Fiscal Year	Actuarial Valuation Date *	Actuarial Value of Assets	Actuarial Accrued Liability (AAL)	Unfunded Actuarial Accrued Liability (UAAL)	Funded Ratio	Covered Payroll	UAAL Percent of Covered Payroll
2012	12/31/11	-	2,820,447	2,820,447	0.0%	18,883,385	14.9%
2013	12/31/11	-	2,820,447	2,820,447	0.0%	18,821,603	15.0%
2014	12/31/13	-	3,432,848	3,432,848	0.0%	19,564,830	17.5%
2015	12/31/13	-	3,432,848	3,432,848	0.0%	21,685,946	15.8%
2016	12/31/15	228,273	3,309,891	3,081,618	6.9%	22,428,002	13.7%
2017	12/31/15	228,273	3,309,891	3,081,618	6.9%	23,115,523	13.3%

* Actuarial study done every two years.

1. Basis of Budgeting

The Budgetary Comparison Schedule, included in Required Supplemental Schedules, presents a comparison of budgetary data to actual results of operations for the General Fund in which an annual operating budget was legally adopted. This schedule utilizes the same basis of accounting for both budgetary purposes and actual results.

Other Supplementary Information

City of Rowlett, Texas
Budgetary Comparison Schedule
Debt Service Fund
For the Fiscal Year Ended September 30, 2017

	Original Budget	Final Budget	Actual Amounts	Variance Positive (Negative)
REVENUES				
Taxes:				
Property	$ 9,285,158	$ 8,988,664	$ 8,929,064	$ (59,600)
Interest	5,130	5,130	12,106	6,976
Total revenues	9,290,288	8,993,794	8,941,170	(52,624)
EXPENDITURES				
Current operating:				
General government	118,500	163,095	118,490	44,605
Public safety	116,882	-	-	-
Debt service:				
Principal retirement	6,227,959	6,227,959	6,232,959	(5,000)
Interest and fiscal charges	2,539,507	2,539,507	2,544,673	(5,166)
Total expenditures	9,002,848	8,930,561	8,896,122	34,439
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	287,440	63,233	45,048	(18,185)
OTHER FINANCING SOURCES				
Transfers from other funds	482,383	482,383	482,386	3
Total other financing sources	482,383	482,383	482,386	3
CHANGE IN FUND BALANCES	769,823	545,616	527,434	(18,182)
FUND BALANCES, BEGINNING	29,004	29,004	29,004	-
FUND BALANCES, ENDING	$ 798,827	$ 574,620	$ 556,438	$ (18,182)

City of Rowlett, Texas

Description of Special Revenue Funds

Special Revenue Funds are used to account for the proceeds of specific revenue sources that are legally restricted to expenditure for particular purposes. Individual funds maintained are as follows:

Impact Fees Fund – to account for street impact and park prorata fees on new development. These funds are restricted to capital improvements included in an approved plan, developer refund and/or incentives, and impact fee study expenses.

Police Seizure Fund – to account for funds awarded as a result of court forfeitures of contraband pursuant to the Texas Code of Criminal Procedure. The law provides for a special fund to be established and to be used solely for law enforcement purposes.

Traffic Safety Fund – to account for revenues and expenditures related to red light camera fines. The revenues may be disbursed only as established by law, for the costs of operating the program, then to be split between the State of Texas and the City of Rowlett for traffic safety purposes.

Court Fees Fund – to account for revenue generated on court fines for the purpose of paying salary and benefits for a juvenile case manager, acquiring qualifying technology for the municipal court, and for the purpose of providing security services for the municipal court, as allowed under Article 102 of the Texas Code of Criminal Procedure.

Grant Fund – to account for funds awarded to the City by various federal or state agencies. This fund includes funds granted to the City by the U.S. Department of Housing and Urban Development (HUD) under their community development block grant (CDBG) programs, other public safety grants, and library grants.

TIF Fund – to account for property taxes on improvements in the City's Tax – Increment Financing Reinvestment Zone Number One, Two, and Three. These funds may only be used for capital improvements within the designated zone.

Disaster Fund – to account for revenues and expenditures related to unexpected natural disasters.

PID Fund – to account for the activity of the Public Improvement District created by the City.

Other Special Revenue Fund – to account for funds received from a tax on the cost of occupancy in hotels and motels within the City limits of Rowlett and revenues received for public access television (PEG fees). The hotel/motel tax funds may only be utilized to promote tourism and the convention and hotel industry. The PEG fees collected may only be utilized for the operation of public, educational, and government access channels.

City of Rowlett, Texas
Combining Balance Sheet
Nonmajor Governmental Funds
September 30, 2017

	Special Revenue		
	Impact Fees	Police Seizure	Traffic Safety
ASSETS			
Cash, cash equivalents and investments	$ 3,174,372	$ 270,706	$ -
Receivables (net of allowance for uncollectibles):			
Taxes	-	-	-
Accrued interest	1,885	-	-
Other	-	-	-
Due from other governments	-	-	-
Prepaid and other items	-	3,240	-
Total assets	$ 3,176,257	$ 273,946	$ -
LIABILITIES			
Accounts payable	27,302	1,525	-
Retainage payable	2,651	-	-
Accrued liabilities	-	13,211	-
Unearned revenue	-	-	-
Due to other funds	-	-	-
Total liabilities	29,953	14,736	-
DEFERRED INFLOWS OF RESOURCES			
Unavailable revenue - grants	-	-	-
Unavailable revenue - other (court fines)	-	-	-
Total deferred inflows of resources	-	-	-
FUND BALANCES			
Nonspendable - Prepaid items	-	3,240	-
Restricted for:			
Capital projects	3,146,304	-	-
Public safety	-	255,970	-
Economic development	-	-	-
Public broadcasting	-	-	-
Unassigned	-	-	-
Total fund balances	3,146,304	259,210	-
Total liabilities and fund balances	$ 3,176,257	$ 273,946	$ -

Special Revenue						Total Governmental Funds
Court Fees	Grant	TIF	Disaster	PID	Other	
$ 171,707	$ -	$ -	$ -	$ 7,669	$ 416,264	$ 4,040,718
-	-	-	-	-	7,575	7,575
115	-	-	-	-	257	2,257
673	-	-	-	-	38,061	38,734
-	338,923	-	183,839	-	-	522,762
-	-	-	-	-	-	3,240
$ 172,495	$ 338,923	$ -	$ 183,839	$ 7,669	$ 462,157	$ 4,615,286
35	24,500	-	2,625	-	6,315	62,302
-	-	-	11,881	-	-	14,532
1,884	11,383	-	-	-	-	26,478
-	22,227	-	-	7,669	-	29,896
-	247,110	15,500	27,133	-	-	289,743
1,919	305,220	15,500	41,639	7,669	6,315	422,951
-	287,469	-	183,840	-	-	471,309
673	-	-	-	-	-	673
673	287,469	-	183,840	-	-	471,982
-	-	-	-	-	-	3,240
-	-	-	-	-	-	3,146,304
169,903	-	-	-	-	-	425,873
-	-	-	-	-	71,121	71,121
-	-	-	-	-	384,721	384,721
-	(253,766)	(15,500)	(41,640)	-	-	(310,906)
169,903	(253,766)	(15,500)	(41,640)	-	455,842	3,720,353
$ 172,495	$ 338,923	$ -	$ 183,839	$ 7,669	$ 462,157	$ 4,615,286

City of Rowlett, Texas

Combining Statement of Revenues, Expenditures,
And Changes in Fund Balances
Nonmajor Governmental Funds
For the Fiscal Year Ended September 30, 2017

	Special Revenue		
	Impact Fees	Police Seizure	Traffic Safety
REVENUES			
Taxes:			
Other	$ -	$ -	$ -
Franchise fees	-	-	-
License and permits	1,018,438	-	-
Fines and forfeitures	-	99,816	-
Intergovernmental	-	-	-
Interest	14,941	-	-
Miscellaneous	-	-	-
Total revenues	1,033,379	99,816	-
EXPENDITURES			
Current operating:			
General government	-	-	-
Public safety	-	105,569	26,011
Culture and recreation	27,302	-	-
Capital outlay	353,241	-	-
Total expenditures	380,543	105,569	26,011
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	652,836	(5,753)	(26,011)
OTHER FINANCING SOURCES (USES)			
Transfers from other funds	-	-	-
Transfers to other funds	-	-	-
Total other financing sources (uses)	-	-	-
NET CHANGE IN FUND BALANCES	652,836	(5,753)	(26,011)
FUND BALANCES, BEGINNING	2,493,468	264,963	26,011
FUND BALANCES, ENDING	$ 3,146,304	$ 259,210	$ -

Special Revenue						Total Governmental Funds
Court Fees	Grant	TIF	Disaster	PID	Other	
$ -	$ -	$ -	$ -	$ -	$ 92,409	$ 92,409
-	-	-	-	-	154,658	154,658
-	-	-	-	-	-	1,018,438
76,960	-	-	-	-	-	176,776
-	349,782	-	595,314	-	-	945,096
941	-	-	-	-	2,122	18,004
-	-	-	133,892	-	4,500	138,392
77,901	349,782	-	729,206	-	253,689	2,543,773
-	-	15,500	184,659	52	132,866	333,077
84,948	558,966	-	-	-	-	775,494
-	43,763	-	-	-	-	71,065
-	-	-	151,958	-	46,839	552,038
84,948	602,729	15,500	336,617	52	179,705	1,731,674
(7,047)	(252,947)	(15,500)	392,589	(52)	73,984	812,099
10,000	-	-	50,000	-	-	60,000
-	-	(1,014)	-	(585)	-	(1,599)
10,000	-	(1,014)	50,000	(585)	-	58,401
2,953	(252,947)	(16,514)	442,589	(637)	73,984	870,500
166,950	(819)	1,014	(484,229)	637	381,858	2,849,853
$ 169,903	$ (253,766)	$ (15,500)	$ (41,640)	$ -	$ 455,842	$ 3,720,353

City of Rowlett, Texas
Budgetary Comparison Schedule
Impact Fees Fund
For the Fiscal Year Ended September 30, 2017

	Original Budget	Final Budget	Actual Amounts	Variance Positive (Negative)
REVENUES				
License and permits	$ -	$ -	$ 1,018,438	$ 1,018,438
Interest	-	-	14,941	14,941
Total revenues	-	-	1,033,379	1,033,379
EXPENDITURES				
Culture and recreation	-	-	27,302	(27,302)
Capital outlay	-	-	353,241	(353,241)
Total expenditures	-	-	380,543	(380,543)
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	-	-	652,836	652,836
CHANGE IN FUND BALANCES	-	-	652,836	652,836
FUND BALANCES, BEGINNING	2,493,468	2,493,468	2,493,468	-
FUND BALANCES, ENDING	$ 2,493,468	$ 2,493,468	$ 3,146,304	$ 652,836

City of Rowlett, Texas

Budgetary Comparison Schedule
Police Seizure Fund
For the Fiscal Year Ended September 30, 2017

	Original Budget	Final Budget	Actual Amounts	Variance Positive (Negative)
REVENUES				
Fines and forfeitures	$ 100,000	$ 100,000	$ 99,816	$ (184)
Interest	550	550	-	(550)
Total revenues	100,550	100,550	99,816	(734)
EXPENDITURES				
Public safety	100,550	100,550	105,569	(5,019)
Total expenditures	100,550	100,550	105,569	(5,019)
DEFICIENCY OF REVENUES UNDER EXPENDITURES	-	-	(5,753)	(5,753)
FUND BALANCES, BEGINNING	264,963	264,963	264,963	-
FUND BALANCES, ENDING	$ 264,963	$ 264,963	$ 259,210	$ (5,753)

City of Rowlett, Texas

Budgetary Comparison Schedule
Traffic Safety Fund
For the Fiscal Year Ended September 30, 2017

	Original Budget	Final Budget	Actual Amounts	Variance Positive (Negative)
REVENUES				
Interest	$ -	$ -	$ -	$ -
Total revenues	-	-	-	-
EXPENDITURES				
Public safety	-	-	26,011	(26,011)
Total expenditures	-	-	26,011	(26,011)
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	-	-	(26,011)	(26,011)
FUND BALANCES, BEGINNING	26,011	26,011	26,011	-
FUND BALANCES, ENDING	$ 26,011	$ 26,011	$ -	$ (26,011)

City of Rowlett, Texas
Budgetary Comparison Schedule
Court Fees Fund
For the Fiscal Year Ended September 30, 2017

	Original Budget	Final Budget	Actual Amounts	Variance Positive (Negative)
REVENUES				
Fines and forfeitures	$ 81,600	$ 81,600	$ 76,960	$ (4,640)
Interest	-	-	941	941
Total revenues	81,600	81,600	77,901	(3,699)
EXPENDITURES				
Public safety	97,423	97,423	84,948	12,475
Total expenditures	97,423	97,423	84,948	12,475
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(15,823)	(15,823)	(7,047)	8,776
OTHER FINANCING SOURCES (USES)				
Transfers from other funds	10,000	10,000	10,000	-
Total other financing sources (uses)	10,000	10,000	10,000	-
CHANGE IN FUND BALANCES	(5,823)	(5,823)	2,953	8,776
FUND BALANCES, BEGINNING	166,950	166,950	166,950	-
FUND BALANCES, ENDING	$ 161,127	$ 161,127	$ 169,903	$ 8,776

City of Rowlett, Texas
Budgetary Comparison Schedule
Grant Fund
For the Fiscal Year Ended September 30, 2017

	Original Budget	Final Budget	Actual Amounts	Variance Positive (Negative)
REVENUES				
Intergovernmental	$ 490,826	$ 490,826	$ 349,782	$ (141,044)
Total revenues	490,826	490,826	349,782	(141,044)
EXPENDITURES				
Public safety	341,133	341,133	558,966	(217,833)
Culture and recreation	187,701	187,701	43,763	143,938
Total expenditures	528,834	528,834	602,729	(73,895)
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(38,008)	(38,008)	(252,947)	(214,939)
CHANGE IN FUND BALANCES	(38,008)	(38,008)	(252,947)	(214,939)
FUND BALANCE, BEGINNING	(819)	(819)	(819)	-
FUND BALANCE, ENDING	$ (38,827)	$ (38,827)	$ (253,766)	$ (214,939)

City of Rowlett, Texas

Budgetary Comparison Schedule
Tax Increment Financing Fund
For the Fiscal Year Ended September 30, 2017

	Original Budget	Final Budget	Actual Amounts	Variance Positive (Negative)
REVENUES				
Interest	$ -	$ -	$ -	$ -
Total revenues	-	-	-	-
EXPENDITURES				
General government	-	-	15,500	(15,500)
Total expenditures	-	-	15,500	(15,500)
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	-	-	(15,500)	15,500
OTHER FINANCING SOURCES (USES)				
Transfers to other funds	-	-	(1,014)	(1,014)
Total other financing sources (uses)	-	-	(1,014)	(1,014)
CHANGE IN FUND BALANCES	-	-	(16,514)	14,486
FUND BALANCES, BEGINNING	1,014	1,014	1,014	-
FUND BALANCES, ENDING	$ 1,014	$ 1,014	$ (15,500)	$ 14,486

City of Rowlett, Texas
Budgetary Comparison Schedule
Disaster Fund
For the Fiscal Year Ended September 30, 2017

	Original Budget	Final Budget	Actual Amounts	Variance Positive (Negative)
REVENUES				
Intergovernmental	$ -	$ -	$ 595,314	$ 595,314
Miscellaneous	-	-	133,892	133,892
Total revenues	-	-	729,206	729,206
EXPENDITURES				
General government	-	-	184,659	(184,659)
Capital outlay	-	-	151,958	(151,958)
Total expenditures	-	-	336,617	(336,617)
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	-	-	392,589	392,589
OTHER FINANCING SOURCES (USES)				
Transfers from other funds	-	-	50,000	50,000
Total other financing sources (uses)	-	-	50,000	50,000
CHANGE IN FUND BALANCES	-	-	442,589	442,589
FUND BALANCES, BEGINNING	(484,229)	(484,229)	(484,229)	-
FUND BALANCES, ENDING	$ (484,229)	$ (484,229)	$ (41,640)	$ 442,589

City of Rowlett, Texas
Budgetary Comparison Schedule
Public Improvement District Fund
For the Fiscal Year Ended September 30, 2017

	Original Budget	Final Budget	Actual Amounts	Variance Positive (Negative)
REVENUES				
Interest	$ -	$ -	$ -	$ -
Total revenues	-	-	-	-
EXPENDITURES				
General government	-	-	52	(52)
Total expenditures	-	-	52	(52)
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	-	-	(52)	(52)
OTHER FINANCING SOURCES (USES)				
Transfers to other funds	-	-	(585)	(585)
Total other financing sources (uses)	-	-	(585)	(585)
CHANGE IN FUND BALANCES	-	-	(637)	(637)
FUND BALANCES, BEGINNING	637	637	637	-
FUND BALANCES, ENDING	$ 637	$ 637	$ -	$ (637)

City of Rowlett, Texas

Budgetary Comparison Schedule
Other Special Revenue Fund
For the Fiscal Year Ended September 30, 2017

	Original Budget	Final Budget	Actual Amounts	Variance Positive (Negative)
REVENUES				
Other taxes	$ 47,175	$ 47,175	$ 92,409	$ 45,234
Franchise fees	91,906	91,906	154,658	62,752
Interest	577	577	2,122	1,545
Miscellaneous	-	-	4,500	4,500
Total revenues	139,658	139,658	253,689	114,031
EXPENDITURES				
General government	48,749	48,749	132,866	(84,117)
Capital outlay	50,000	50,000	46,839	3,161
Total expenditures	98,749	98,749	179,705	(80,956)
EXCESS OF REVENUES OVER EXPENDITURES	40,909	40,909	73,984	33,075
FUND BALANCES, BEGINNING	381,858	381,858	381,858	-
FUND BALANCES, ENDING	$ 422,767	$ 422,767	$ 455,842	$ 33,075

Statistical Section
(Unaudited)

Rowlett
TEXAS

Statistical Section
(Unaudited)

Tables in the statistical section present detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the overall financial health of the City.

Tables

Financial Trends
These schedules contain trend information to help the reader understand how financial performance and well-being have changed over time. 1-4

Revenue Capacity
These schedules contain trend information to help the reader access the City's most significant local revenue source, the property tax. 5-9

Debt Capacity
These schedules present information to help the reader assess the affordability of the City's current levels of outstanding debt and the City's ability to issue additional debt in the future. 10-14

Demographic and Economic Information
These schedules offer demographic and economic indicators to help the reader understand the environment within which the City's financial activities take place. 15-16

Operating Information
These schedules contain service and infrastructure data to help the reader understand how the information in the City's financial report relates to the services the City provides and the activities it performs. 17-19

City of Rowlett, Texas

Net Position by Component (Unaudited)
Last Ten Fiscal Years
(Accrual Basis Of Accounting)

	Fiscal Year			
	2017	2016	2015	2014
Governmental activities:				
Net investment in capital assets	$ 56,614,842	$ 49,737,154	$ 49,251,730	$ 47,572,344
Restricted	3,371,581	2,814,485	3,427,940	3,385,346
Unrestricted	4,926,152	3,122,284	1,526,343	3,796,330
Total governmental activities net position	$ 64,912,575	$ 55,673,923	$ 54,206,013	$ 54,754,020
Business-type activities:				
Net investment in capital assets	$ 72,739,710	$ 67,798,118	$ 65,405,576	$ 64,531,695
Restricted	3,734,307	3,841,031	2,392,009	2,093,242
Unrestricted	11,050,293	9,414,010	6,802,140	5,415,474
Total business-type activities net position	$ 87,524,310	$ 81,053,159	$ 74,599,725	$ 72,040,411
Primary government:				
Net investment in capital assets	$ 129,354,552	$ 117,535,272	$ 114,657,306	$ 112,104,039
Restricted	7,105,888	6,655,516	5,819,949	5,478,588
Unrestricted	15,976,445	12,536,294	8,328,483	9,211,804
Total primary government net position	$ 152,436,885	$ 136,727,082	$ 128,805,738	$ 126,794,431

Source: City of Rowlett - Comprehensive Annual Financial Reports

Table 1

Fiscal Year					
2013	**2012**	**2011**	**2010**	**2009**	**2008**
$ 38,863,695	$ 31,916,791	$ 32,374,952	$ 33,070,231	$ 33,707,411	$ 40,312,017
9,137,747	9,171,293	4,746,923	1,148,213	910,428	1,537,197
5,469,081	5,462,517	6,506,992	7,989,091	7,593,223	5,435,653
$ 53,470,523	$ 46,550,601	$ 43,628,867	$ 42,207,535	$ 42,211,062	$ 47,284,867
$ 63,171,705	$ 62,576,970	$ 63,268,379	$ 64,417,014	$ 65,576,708	$ 63,829,157
2,197,202	2,327,961	3,225,296	3,156,935	3,136,923	2,894,124
8,162,875	7,460,914	6,882,557	5,452,189	6,518,292	5,683,212
$ 73,531,782	$ 72,365,845	$ 73,376,232	$ 73,026,138	$ 75,231,923	$ 72,406,493
$ 102,035,400	$ 94,493,761	$ 95,643,331	$ 97,487,245	$ 99,284,119	$ 104,141,174
11,334,949	11,499,254	7,972,219	4,305,148	4,047,351	4,431,321
13,631,956	12,923,431	13,389,549	13,441,280	14,111,515	11,118,865
$ 127,002,305	$ 118,916,446	$ 117,005,099	$ 115,233,673	$ 117,442,985	$ 119,691,360

City of Rowlett, Texas
Changes in Net Position (Unaudited)
Last Ten Fiscal Years
(Accrual Basis Of Accounting)

	Fiscal Year			
Expenses	**2017**	**2016**	**2015**	**2014**
Governmental activities:				
General government	$ 4,009,554	$ 8,661,210	$ 3,812,283	$ 3,743,246
Public safety	23,615,382	23,496,850	21,682,963	20,994,087
Public works	10,948,955	10,171,825	12,001,156	12,040,271
Culture and recreation	5,689,940	5,517,845	5,210,607	5,152,775
Community Development	3,531,966	2,364,074	1,586,203	1,230,969
Interest and fiscal charges	2,313,657	2,312,864	2,731,650	3,407,157
Total governmental activities	50,109,454	52,524,668	47,024,862	46,568,505
Business-type activities:				
Water and sewer	24,873,275	25,018,832	22,361,784	23,176,635
Refuse	3,997,901	3,835,050	3,782,412	3,986,352
Drainage	1,856,605	1,780,188	2,008,406	1,980,987
Total business-type activities	30,727,781	30,634,070	28,152,602	29,143,974
Total primary government expenses	$ 80,837,235	$ 83,158,738	$ 75,177,464	$ 75,712,479
Program Revenues				
Governmental activities:				
Charges for services:				
General government	$ 57,609	$ 27,250	$ 36,452	$ 56,240
Public safety	2,310,649	2,923,557	2,736,415	2,887,395
Public works	1,018,438	958,097	1,520,964	495,015
Culture and recreation	1,021,800	925,832	948,832	915,945
Community Development	2,130,381	1,706,037	1,229,248	977,198
Operating grants and contributions	1,135,141	2,035,858	520,843	418,983
Capital grants and contributions	7,722,894	1,851,705	1,715,530	3,878,487
Total governmental activities program revenues	15,396,912	10,428,336	8,708,284	9,629,263
Business-type activities:				
Charges for services:				
Water and sewer	27,688,606	26,561,193	26,596,651	24,659,862
Refuse	5,139,251	4,911,283	4,903,537	5,081,709
Drainage	1,356,154	1,320,362	1,337,982	1,331,572
Capital grants and contributions	5,101,806	7,202,846	2,723,019	621,061
Total business-type activities program revenues	39,285,817	39,995,684	35,561,189	31,694,204
Total primary government revenues	$ 54,682,729	$ 50,424,020	$ 44,269,473	$ 41,323,467
Net (expense)/revenue				
Governmental activities	$ (34,712,542)	$ (42,096,332)	$ (38,316,578)	$ (36,939,242)
Business-type activities	8,558,036	9,361,614	7,408,587	2,550,230
Total primary government net expense	$ (26,154,506)	$ (32,734,718)	$ (30,907,991)	$ (34,389,012)
General Revenue and Other Changes in Net Position				
Governmental activities:				
Taxes				
Property taxes	$ 29,725,260	$ 27,486,731	$ 25,608,764	$ 23,307,395
Sales taxes	6,869,068	6,705,320	5,995,488	5,652,848
Other	185,868	175,204	146,741	130,138
Franchise fees	3,005,412	3,145,738	3,344,410	3,126,943
Investment earnings	236,481	141,019	66,264	57,205
Gain on sale/retirement of capital assets		-	779,237	-
Miscellaneous	1,447,744	2,556,794	1,229,112	1,582,041
Transfers (net)	2,481,361	3,353,436	4,441,008	4,366,169
Total governmental activities	43,951,194	43,564,242	41,611,024	38,222,739
Business-type activities:				
Investment earnings	58,485	60,724	71,562	61,476
Gain on sale/retirement of capital assets	64,273	371,220	-	
Miscellaneous	271,718	13,312	(114,908)	263,092
Transfers (net)	(2,481,361)	(3,353,436)	(4,441,008)	(4,366,169)
Total business-type activities	(2,086,885)	(2,908,180)	(4,484,354)	(4,041,601)
Total primary government	$ 41,864,309	$ 40,656,062	$ 37,126,670	$ 34,181,138
Changes in Net Position				
Governmental activities	$ 9,238,652	$ 1,467,910	$ 3,294,446	$ 1,283,497
Business-type activities	6,471,151	6,453,434	2,924,233	(1,491,371)
Total primary government	$ 15,709,803	$ 7,921,344	$ 6,218,679	$ (207,874)

Source: City of Rowlett - Comprehensive Annual Financial Reports

Table 2

Fiscal Year					
2013	2012	2011	2010	2009	2008
$ 3,079,438	$ 4,274,638	$ 5,043,354	$ 4,812,456	$ 5,235,080	$ 5,210,003
19,791,298	20,456,358	20,077,172	20,243,476	19,372,690	19,026,455
11,690,444	13,472,469	12,320,408	12,747,289	12,719,561	8,819,541
5,100,405	4,975,355	4,796,472	5,138,905	4,926,422	5,388,160
1,183,670	881,385	726,014	844,980	1,219,772	1,229,275
2,848,832	2,888,071	3,445,261	3,562,170	4,088,968	4,473,104
43,694,087	46,948,276	46,408,681	47,349,276	47,562,493	44,146,538
21,215,288	20,275,313	19,715,254	19,292,984	18,502,215	19,065,087
3,640,452	3,316,080	3,280,511	2,676,412	1,607,736	1,692,004
1,865,797	2,091,605	1,669,999	3,242,101	3,286,924	3,251,155
26,721,537	25,682,998	24,665,764	25,211,497	23,396,875	24,008,246
$ 70,415,624	$ 72,631,274	$ 71,074,445	$ 72,560,773	$ 70,959,368	$ 68,154,784
$ 90,267	$ 99,370	$ 617,922	$ 135,922	$ 99,906	$ 72,486
3,058,323	3,205,317	1,808,112	3,959,096	3,466,449	3,591,329
341,707	285,290	116,950	20,962	87,594	211,128
958,111	871,538	2,659,906	1,588,866	1,627,643	1,115,647
860,925	641,890	565,001	386,696	504,544	567,913
817,022	901,055	963,803	484,634	347,925	518,835
6,735,636	6,748,657	2,687,884	1,532,660	175,032	2,306,004
12,861,991	12,753,117	9,419,578	8,108,836	6,309,093	8,383,342
25,341,837	22,507,769	23,592,840	21,550,266	20,570,813	19,553,413
4,681,715	4,484,110	4,457,857	1,361,162	1,276,659	951,715
1,328,989	1,300,878	1,301,172	4,484,338	4,493,083	4,246,481
938,393	145,204	560,473	20,612	63,966	2,359,949
32,290,934	28,437,961	29,912,342	27,416,378	26,404,521	27,111,558
$ 45,152,925	$ 41,191,078	$ 39,331,920	$ 35,525,214	$ 32,713,614	$ 35,494,900
$ (30,832,096)	$ (34,195,159)	$ (36,989,103)	$ (39,240,440)	$ (41,253,400)	$ (35,763,196)
5,569,397	2,754,963	5,246,578	2,204,881	3,007,646	3,103,312
$ (25,262,699)	$ (31,440,196)	$ (31,742,525)	$ (37,035,559)	$ (38,245,754)	$ (32,659,884)
$ 23,290,763	$ 23,805,465	$ 23,967,737	$ 24,649,815	$ 25,255,663	$ 25,044,496
5,386,679	4,894,006	5,767,527	6,228,228	5,666,751	5,882,325
112,300	48,186	124,748	59,934	110,778	121,242
3,010,969	3,127,383	3,214,049	2,767,064	2,881,223	3,014,846
44,492	76,604	165,926	231,809	702,090	1,570,639
-	-	-	-	-	-
1,458,515	1,248,881	171,306	674,907	633,877	1,039,438
4,448,300	3,916,368	4,999,142	4,625,155	929,213	1,447,292
37,752,018	37,116,893	38,410,435	39,236,912	36,179,595	38,120,278
24,148	53,767	102,658	214,489	746,997	1,488,934
-	-	-	-	-	-
20,692	97,251	-	-	-	-
(4,448,300)	(3,916,368)	(4,999,142)	(4,625,155)	(929,213)	(1,447,292)
(4,403,460)	(3,765,350)	(4,896,484)	(4,410,666)	(182,216)	41,642
$ 33,348,558	$ 33,351,543	$ 33,513,951	$ 34,826,246	$ 35,997,379	$ 38,161,920
$ 6,919,922	$ 2,921,734	$ 1,421,332	$ (3,528)	$ (5,073,805)	$ 2,357,082
1,165,937	(1,010,387)	350,094	(2,205,785)	2,825,430	3,144,954
$ 8,085,859	$ 1,911,347	$ 1,771,426	$ (2,209,313)	$ (2,248,375)	$ 5,502,036

City of Rowlett, Texas

Fund Balances Of Governmental Funds (Unaudited)
Last Ten Fiscal Years
(Modified Accrual Basis of Accounting)

	Fiscal Year				
	2017	2016	2015	2014	2013
General fund					
Reserved	$ -	$ -	$ -	$ -	$ -
Unreserved	-	-	-	-	-
Nonspendable:					
Inventories	65,823	69,008	87,466	47,986	54,199
Prepaid items	73,499	85,300	50,394	55,242	64,737
Restricted for:					
Capital projects	48,753	90,720	419,332	1,791,258	321,096
Assigned for:					
Economic development	803,104	802,739	877,378	302,712	305,589
Capital acquisition	1,987	16,463	88,910	107,488	364,692
Unassigned	7,793,076	6,845,704	5,624,402	5,473,122	6,065,516
Total general fund	$ 8,786,242	$ 7,909,934	$ 7,147,882	$ 7,777,808	$ 7,175,829
All other governmental funds					
Reserved	$ -	$ -	$ -	$ -	$ -
Unreserved, reported in:					
Special revenue funds	-	-	-	-	-
Capital projects funds	-	-	-	-	-
Nonspendable:					
Inventories	43,479	57,060	84,105	79,515	64,582
Prepaid items	11,641	493	9,549	14,336	10,775
Restricted for:					
Debt service	548,037	30,018	990,821	478,102	443,330
Capital projects	23,777,330	16,713,319	13,635,339	6,782,080	5,493,204
Public safety	425,873	457,709	627,877	1,156,528	1,551,418
Economic development	71,121	82,140	12,012	6,934	6,934
Public broadcasting	384,721	299,470	246,895	124,213	70,402
Assigned for:					
Capital acquisition	7,485,985	4,573,534	2,009,791	-	1,443,519
Unassigned	(310,906)	(485,078)	-	(519,010)	(115,543)
Total all other governmental funds	$ 32,437,281	$ 21,728,665	$ 17,616,389	$ 8,122,698	$ 8,968,621

Note: The City adopted GASB Statement No. 54 which changed the classification of governmental fund balances to nonspendable, restricted, committed, assigned, and unassigned.
Source: City of Rowlett - Comprehensive Annual Financial Reports

Table 3

Fiscal Year				
2012	**2011**	**2010**	**2009**	**2008**
$ -	$ -	$ 725,269	$ 432,360	$ 186,401
-	-	6,752,718	4,846,923	3,220,176
146,989	86,016	-	-	-
15,700	73,555	-	-	-
280,356	716,031	-	-	-
352,188	224,092	-	-	-
381,605	1,163,159	-	-	-
6,305,245	6,681,091	-	-	-
$ 7,482,083	$ 8,943,944	$ 7,477,987	$ 5,279,283	$ 3,406,577
$ -	$ -	$ 16,052,328	$ 20,479,526	$ 28,688,462
-	-	369,311	1,682,678	1,561,760
-	-	-	-	-
-	-	-	-	-
1,562	12,805	-	-	-
363,265	281,278	-	-	-
1,729,546	80,317	-	-	-
1,014,867	1,075,494	-	-	-
20,518	17,751	-	-	-
56,776	32,216	-	-	-
5,887,781	12,654,001	-	-	-
(3,698)	(107,126)	-	-	-
$ 9,070,617	$ 14,046,736	$ 16,421,639	$ 22,162,204	$ 30,250,222

City of Rowlett, Texas

Changes in Fund Balances of Governmental Funds (Unaudited)
Last Ten Fiscal Years
(Modified Accrual Basis of Accounting)

	Fiscal Year				
	2017	2016	2015	2014	2013
Revenues					
Taxes	$ 36,836,304	$ 34,354,402	$ 31,785,463	$ 29,122,683	$ 28,773,383
Franchise fees	3,008,801	3,150,502	3,352,512	3,131,069	2,991,209
Licenses and permits	2,180,112	2,222,024	2,467,573	1,144,653	807,860
Charges for services	3,553,951	3,007,143	2,784,430	2,612,512	2,644,415
Contributions	-	-	-	2,112,775	-
Fines and forfeitures	1,121,136	1,050,809	1,172,498	1,514,717	2,158,683
Intergovernmental	1,583,623	2,324,036	2,670,203	2,059,376	6,929,459
Interest	236,481	141,019	66,264	57,205	44,492
Miscellaneous	1,447,744	2,556,794	1,256,642	1,591,500	1,423,074
Total revenues	49,968,152	48,806,729	45,555,585	43,346,490	45,772,575
Expenditures					
General government	4,503,017	6,625,996	3,581,688	3,420,425	2,641,269
Public safety	20,747,659	21,328,195	21,164,943	19,719,083	18,619,438
Public works	5,078,766	4,145,778	6,532,713	6,652,769	5,936,101
Culture and recreation	4,819,880	4,717,532	4,619,286	4,413,902	4,282,981
Development	3,260,438	2,154,699	1,584,360	1,227,382	1,128,814
Debt service:					
Principal	7,271,177	7,274,521	6,115,861	6,048,669	6,202,352
Interest	2,638,549	2,640,705	2,400,844	2,408,591	2,834,256
Other charges	176,721	187,709	376,743	231,474	-
Capital outlay	5,156,259	6,185,708	9,107,057	3,573,867	9,552,274
Total expenditures	53,652,466	55,260,843	55,483,495	47,696,162	51,197,485
Excess (deficiency) of revenues over (under) expenditures	(3,684,314)	(6,454,114)	(9,927,910)	(4,349,672)	(5,424,910)
Other Financing Sources/(Uses)					
Capital leases	-	165,354	2,141,763	1,959,204	1,130,985
Issuance of refunding bonds	-	-	19,392,950	11,135,000	-
Issuance of bonds	10,930,000	6,990,000	11,302,050	-	-
Premiums on bonds issued	440,012	810,957	3,506,264	592,013	-
Discounts on bonds issued	-	-	-	-	-
Payments to refunding bond escrow agent	-	-	(22,661,960)	(13,946,658)	-
Proceeds from sale of assets	1,417,865	8,695	669,600	-	-
Transfers in	6,289,252	5,980,852	6,093,515	6,302,791	5,895,107
Transfers out	(3,807,891)	(2,627,416)	(1,652,507)	(1,936,622)	(2,009,432)
Total other financing sources/(uses)	15,269,238	11,328,442	18,791,675	4,105,728	5,016,660
Net change in fund balances	$ 11,584,924	$ 4,874,328	$ 8,863,765	$ (243,944)	$ (408,250)
Debt service as a percentage of noncapital expenditures	20.4%	20.2%	20.1%	19.2%	21.7%

Source: City of Rowlett - Comprehensive Annual Financial Reports

Table 4

Fiscal Year				
2012	**2011**	**2010**	**2009**	**2008**
$ 28,781,463	$ 30,131,107	$ 30,966,183	$ 30,906,010	$ 31,065,958
3,094,707	3,304,363	3,015,465	2,999,281	3,018,734
687,352	438,334	391,228	499,979	720,779
2,291,101	2,748,494	2,823,756	2,889,691	2,343,594
-	-	-	-	-
1,896,301	2,304,857	2,820,913	2,339,835	2,465,790
6,589,471	2,275,536	1,967,802	381,153	1,270,253
76,604	165,926	231,809	702,090	1,556,897
1,208,363	790,619	674,907	633,877	992,518
44,625,362	42,159,236	42,892,063	41,351,916	43,434,523
3,003,607	4,380,262	4,471,479	4,047,850	4,059,446
19,159,506	18,791,928	18,692,849	17,910,586	18,429,503
7,599,093	7,246,641	5,592,114	7,789,807	4,775,269
4,175,458	3,931,809	4,272,737	4,151,303	4,462,616
840,833	672,775	808,218	1,151,720	1,212,987
6,208,605	5,940,534	5,432,452	5,551,999	5,991,212
2,903,106	3,370,147	3,507,444	4,044,879	4,400,172
222,800	-	207,999	-	-
11,316,999	4,424,499	9,868,151	7,858,484	13,804,949
55,430,007	48,758,595	52,853,443	52,506,628	57,136,154
(10,804,645)	(6,599,359)	(9,961,380)	(11,154,712)	(13,701,631)
351,152	1,202,602	987,080	152,925	39,461
14,131,149	-	12,000,000	-	-
-	-	-	-	-
1,383,000	-	440,175	-	-
-	-	-	-	-
(15,416,504)	-	(12,455,399)	-	-
1,500	-	-	-	-
5,729,583	6,446,101	7,595,086	7,271,747	7,157,912
(1,813,215)	(1,958,290)	(2,147,423)	(2,485,272)	(3,225,070)
4,366,665	5,690,413	6,419,519	4,939,400	3,972,303
$ (6,437,980)	$ (908,946)	$ (3,541,861)	$ (6,215,312)	$ (9,729,328)
20.7%	21.0%	20.8%	21.5%	24.0%

Table 5

City of Rowlett, Texas

General Governmental Tax Revenue by Source (Unaudited)
Last Ten Fiscal Years
(Modified Accrual Basis)

Fiscal Year	Property Tax	Sales Tax	Other	Total
2008	$ 25,062,391	$ 5,882,323	$ 121,243	$ 31,065,957
2009	25,027,004	5,666,750	110,779	30,804,533
2010	24,639,903	6,228,228	98,052	30,966,183
2011	24,238,832	5,767,527	124,749	30,131,108
2012	23,492,921	4,894,006	103,581	28,490,508
2013	23,274,404	5,386,680	112,300	28,773,384
2014	23,339,695	5,652,848	130,138	29,122,681
2015	25,643,234	5,995,488	146,739	31,785,461
2016	27,473,878	6,705,320	175,204	34,354,402
2017	29,781,368	6,869,068	185,868	36,836,304

Source: City of Rowlett - Finance Department

Table 6

City of Rowlett, Texas

Assessed Value And Estimated Actual Value
Of Taxable Property (Unaudited)
Last Ten Fiscal Years

Fiscal Year	Estimated Market Value		Less:	Total Taxable	Total Direct
	Real Property	Personal Property	Tax Exempt Real Property	Assessed Value	Tax Rate
2008	$ 3,505,032,790	$ 165,364,960	$ 361,998,133	$ 3,308,399,617	0.74717
2009	3,562,876,777	178,689,105	373,073,104	3,368,492,778	0.74717
2010	3,522,255,306	177,752,490	414,294,585	3,285,713,211	0.74717
2011	3,447,524,437	174,055,050	401,314,296	3,220,265,191	0.74717
2012	3,407,215,429	171,045,280	406,361,093	3,171,899,616	0.74717
2013	3,373,736,207	176,427,230	425,321,487	3,124,841,950	0.74717
2014	3,383,659,486	176,507,810	443,668,413	3,116,498,883	0.74717
2015	3,565,803,997	185,318,990	465,920,605	3,285,202,382	0.78717
2016	3,846,233,547	185,674,030	444,452,200	3,587,455,377	0.78717
2017	4,304,356,460	194,001,341	563,443,777	3,934,914,024	0.78717

Source: Dallas Central Appraisal District certified totals and Rockwall Central Appraisal District

City of Rowlett, Texas

Property Tax Rates
Direct and Overlapping Governments (Unaudited)
Last Ten Fiscal Years

	City of Rowlett Direct Rates			Overlapping Rates [1]				
				Dallas County Properties				
Fiscal Year	General Fund	Debt Service Fund	Total City	Dallas County	Dallas County Hospital District	Dallas County Community College District	Garland Independent School District	Total Direct & Overlapping Rates
2017	0.55117	0.23600	0.78717	0.25237	0.27940	0.12293	1.46000	2.90187
2016	0.57792	0.20925	0.78717	0.25310	0.28600	0.12365	1.35330	2.80322
2015	0.54977	0.23740	0.78717	0.25310	0.28600	0.12478	1.25330	2.70435
2014	0.50477	0.24240	0.74717	0.25310	0.27600	0.12470	1.25330	2.65427
2013	0.49267	0.25450	0.74717	0.25304	0.27100	0.11938	1.25330	2.64389
2012	0.49083	0.25634	0.74717	0.24310	0.02710	0.09967	1.25330	2.37034
2011	0.49467	0.25250	0.74717	0.24310	0.27100	0.09923	1.25330	2.61380
2010	0.50202	0.24515	0.74717	0.22810	0.27400	0.09490	1.25330	2.59747
2009	0.49467	0.25250	0.74717	0.22810	0.25400	0.08940	1.25330	2.57197
2008	0.46617	0.28100	0.74717	0.22810	0.25400	0.08040	1.25330	2.56297

(1) Overlapping rates are those of local and county governments that apply to property owners within the City of Rowlett. A typical property tax bill would consist of the City, School District, and County taxes; residents within the City of Rowlett are divided between Dallas and Rockwall counties.

Source: City of Rowlett - Finance Department / Dallas Central Appraisal District certified totals and Rockwall Central Appraisa District Tax rates are applied on each $100 of assessed value and are levied on 100% of assessed value.

Rockwall County Properties		
Rockwall County	Rockwall Independent School District	Total Direct & Overlapping Rates
0.375900	1.46500	2.62807
0.395900	1.44000	2.62307
0.395900	1.46000	2.64307
0.395900	1.46000	2.60307
0.386400	1.47000	2.60357
0.386400	1.47000	2.60357
0.386400	1.47000	2.60357
0.375000	1.47000	2.59217
0.375000	1.47000	2.59217
0.350000	1.47000	2.56717

Table 8

City of Rowlett, Texas

Principal Property Taxpayers (Unaudited)
Current Year and Nine Years Ago

	2017		
Taxpayer	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value
Lake Pointe Medical Center	$ 31,787,563	1	0.89%
Oncor Electric Delivery	25,692,073	2	0.72%
HC Harmony Hill LLC	25,017,950	3	0.70%
Wal Mart Stores Inc	22,843,860	4	0.64%
Bayside Land Partners LLC	20,286,022	5	0.57%
ARC LCROWTX001 LLC	14,547,940	6	0.41%
Target Corporation	13,655,310	7	0.38%
Frontier Communications	12,999,993	8	0.36%
Home Depot USA Inc	11,035,880	9	0.31%
Safeway, Inc	10,836,460	10	0.30%
	$ 188,703,051		5.28%

Source: Dallas County Tax Office

	2008		
Taxpayer	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value
Lake Pointe Medical Center	$ 46,943,855	1	1.39%
Texas Utilities Electric Co.	23,783,970	2	0.71%
Verizon	23,156,580	3	0.69%
Wal Mart	23,013,160	4	0.68%
Target Corporation	17,989,470	5	0.53%
Home Depot USA Inc	12,295,360	6	0.37%
Shafer Plaza LX VIII LTD	9,833,480	7	0.29%
Gemini Rowlett Crossing	9,658,080	8	0.29%
Safeway Inc	7,930,370	9	0.24%
Lakeview Parkview	6,636,500	10	0.20%
	$ 181,240,825		5.39%

Source: Dallas County Tax Office

Table 9

City Of Rowlett, Texas

Property Tax Levies and Collections (Unaudited)
Last Ten Fiscal Years

Fiscal Year	Total Tax Levy for Fiscal Year	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections to Date		
		Amount	Percentage of Levy		Total Tax Collections	Accumulated Delinquent Taxes	Percentage of Levy
2008	$ 24,582,645	$ 24,116,451	98.10%	$ 451,224	$ 24,567,675	$ 14,971	99.94%
2009	25,022,666	24,529,136	98.03%	478,028	25,007,164	15,502	99.94%
2010	24,432,408	23,999,437	98.23%	413,808	24,413,245	19,163	99.92%
2011	23,945,717	23,650,873	98.77%	277,892	23,928,765	16,952	99.93%
2012	23,605,280	23,335,522	98.86%	249,138	23,584,660	20,620	99.91%
2013	23,111,624	22,902,665	99.10%	176,913	23,079,578	32,046	99.86%
2014	23,072,444	22,904,595	99.27%	133,541	23,038,136	34,308	99.85%
2015	25,318,845	25,128,168	99.25%	139,768	25,267,936	50,909	99.80%
2016	27,332,380	27,062,463	99.01%	172,417	27,234,880	97,500	99.64%
2017	29,530,076	29,350,720	99.39%	-	29,350,720	179,356	99.39%

Source: Dallas County Tax Office - jurisdiction reports

City of Rowlett, Texas

Ratios of Outstanding Debt By Type (Unaudited)
Last Ten Fiscal Years

Fiscal Year	Governmental Activities				
	General Obligation Bonds	Certificates of Obligation	Tax Notes	Capital Leases	Bond Premiums
2008	$ 38,030,000	$ 55,210,000	$ 260,437	$ 1,086,291	$ -
2009	35,175,000	52,975,000	20,000	1,017,655	-
2010	37,590,000	45,410,000	-	1,797,282	-
2011	33,370,000	43,040,000	-	2,509,351	-
2012	25,642,298	34,010,000	-	2,381,898	1,800,637
2013	22,516,497	31,765,000	-	2,817,990	1,524,918
2014	24,387,041	22,095,000	-	4,063,254	1,797,719
2015	59,613,462	880,000	1,235,000	5,299,215	4,917,122
2016	58,866,953	2,700,000	1,070,000	4,271,557	4,983,517
2017	63,893,994	2,545,000	895,000	3,233,339	4,681,208

Note: Details regarding the City's outstanding debt can be found in the notes to the financial statements.

Table 10

Business-Type Activities							
Revenue Bonds	General Obligation Bonds	Certificates of Obligation	Capital Leases	Bond Premiums	Total Primary Government	Percentage of Personal Income	Per Capita
$ 47,665,000	$ -	$ 4,535,000	$ 4,014,716	$ -	$ 150,801,444	5.92%	2,704
44,560,000	-	4,365,000	3,773,272	-	141,885,927	5.96%	2,502
41,340,000	-	4,190,000	3,503,499	-	133,830,781	5.53%	2,375
37,995,000	1,140,000	4,010,000	3,548,806	-	125,613,157	4.75%	2,203
42,628,851	12,013,851	3,820,000	3,459,450	1,664,396	127,421,381	4.59%	2,207
39,121,751	11,841,752	3,620,000	3,487,159	1,413,348	118,108,415	4.09%	2,035
40,266,479	12,186,480	3,410,000	3,236,256	1,494,713	112,936,942	3.87%	1,931
25,330,000	13,926,538	225,000	3,419,277	2,565,541	117,411,155	3.83%	1,957
23,215,000	12,693,047	-	3,721,764	2,134,112	113,655,950	3.58%	1,887
21,030,000	11,191,006	-	2,773,624	1,733,707	111,976,878	3.40%	1,806

Table 11

City of Rowlett, Texas

Ratios of Net General Bonded Debt Outstanding (Unaudited)
Last Ten Fiscal Years

Fiscal Year	General Obligation Bonds and Certificates of Obligations	Less: Amounts in Debt Service Fund	Net	Percentage Taxable Assessed Value [1]	Per Capita [2]
2008	$ 93,500,437	$ 73,183	$ 93,427,254	2.82%	1,675
2009	88,170,000	114,017	88,055,983	2.61%	1,553
2010	83,000,000	-	83,000,000	2.53%	1,473
2011	77,550,000	11,709	77,538,291	2.41%	1,360
2012	61,452,935	138,242	61,314,693	1.93%	1,062
2013	55,806,415	249,778	55,556,637	1.78%	957
2014	48,279,760	143,808	48,135,952	1.54%	823
2015	66,645,584	768,718	65,876,866	2.01%	1,098
2016	67,620,470	-	67,620,470	1.88%	1,123
2017	72,015,203	279,683	71,735,520	1.82%	1,157

Note: Details regarding the City's outstanding debt can be found in the notes to the financial statements.
[1] See Table 5 for property value data.
[2] See Table 15 for population data.

Source: City of Rowlett - Finance Department

Table 12

City of Rowlett, Texas

Computation of Direct and Overlapping Debt (Unaudited)
September 30, 2017

Governmental Unit	Debt Outstanding	Estimated Percentage Applicable	Estimated Share of Overlapping Debt
Dallas County Properties:			
Debt repaid with property taxes:			
Dallas County	$ 199,545,000	1.43%	$ 2,853,494
Dallas County Community College District	263,140,000	1.43%	3,762,902
Dallas County Hospital District	703,770,000	1.43%	10,063,911
Dallas County Schools	40,330,000	1.43%	576,719
Garland Independent School District	564,701,425	19.21%	108,479,144
Subtotal, overlapping debt			125,736,169
City of Rowlett, direct debt			71,892,027
Total direct and overlapping debt			$ 197,628,196
Rockwall County Properties:			
Debt repaid with property taxes:			
Rockwall County	$ 105,405,000	5.68%	$ 5,987,004
Rockwall Independent School District	490,357,932	6.52%	31,971,337
Subtotal, overlapping debt			37,958,341
City of Rowlett, direct debt			71,892,027
Total direct and overlapping debt			$ 109,850,368

Note: Overlapping governments are those that coincide, at least in part, with the geographic boundaries of the city. This schedule estimates the portion of the outstanding debt of those overlapping governments that is borne by the residents and businesses of the City of Rowlett. This process recognizes that, when considering the government's ability to issue and repay long-term debt, the entire debt burden borne by the residents and businesses should be taken into account. However, this does not imply that every taxpayer is a resident, and therefore responsible for repaying the debt of each overlapping government.

Source: Debt outstanding and estimated percentage applicable for taxing entities other than the City was obtained from the Municipal Advisory Council of Texas.

Table 13

City of Rowlett, Texas

Computation of Legal Debt Margin (Unaudited)

September 30, 2017

As a home rule city, the City of Rowlett is not limited by law in the amount of debt it may issue. The City's Charter (Section 6.04) states:

> The City Council shall have the power to levy, for general purposes, an ad valorem tax on real, personal, and mixed property within the territory of the City, not exempt from taxation by the Texas Constitution and the laws of the state, not to exceed a total of one dollar and twenty-five cents ($1.25) per one hundred dollars ($100.00) assessed valuation…

The City Charter (Section 7.01) also states:

> The City shall have the right and power to borrow money for public purposes by whatever method it may deem to be in the public interest. The City shall have the right and power to issue tax bonds, revenue bonds, and any other evidences of indebtedness for permanent public improvements or for any other public purpose not prohibited by law or this Charter…

Article 11, Section 5 of the State of Texas Constitution states in part:

> . . . but no tax for any purpose shall ever be lawful for any one year, which shall exceed two and one-half percent of the taxable property of such City…

The tax rate at September 30, 2017, is $ 0.787173 per $100 of assessed valuation, with assessed valuation being 100% of appraised value.

Source: City of Rowlett - Finance Department

Table 14

City of Rowlett, Texas

Schedule of Revenue Bond Coverage –
Water & Sewer Bonds (Unaudited)
Last Ten Fiscal Years

Fiscal Year	Water and Sewer Charges and Other [2]	Less: Operating Expenses [3]	Net Available Revenue	Debt Service [1]		Coverage
				Principal	Interest	
2008	$ 19,754,519	$ 11,762,579	$ 7,991,940	$ 2,648,056	$ 962,571	2.21
2009	20,634,778	11,772,634	8,862,144	2,621,176	899,647	2.52
2010	21,570,878	12,775,053	8,795,825	2,583,750	836,260	2.57
2011	23,579,540	13,423,497	10,156,043	2,713,929	828,115	2.87
2012	22,602,722	15,268,474	7,334,248	1,530,750	421,456	3.76
2013	25,357,867	15,469,264	9,888,603	1,435,789	382,656	5.44
2014	24,921,020	16,921,253	7,999,767	1,404,000	416,408	4.39
2015	26,608,183	17,126,482	9,481,701	1,333,158	348,908	5.64
2016	26,572,514	19,045,209	7,527,305	1,289,722	320,797	4.67
2017	27,958,290	18,637,098	9,321,196	1,237,059	293,765	6.09

[1] Debt service requirements are the average annual requirements.

[2] Total revenues excluding interest income and including capital recovery fees.

[3] Total expenses excluding depreciation, interest expense, and fiscal charges.

Source: City of Rowlett - Finance Department

Table 15

City of Rowlett, Texas

Demographic and Economic Statistics (Unaudited)
Last Ten Fiscal Years

Fiscal Year	Population [1]	Personal Income [2]	Per Capita Personal Income [2]	School Enrollment [3]	Unemployment Rate [4]	
					Dallas County	Rowlett
2008	55,770	$ 2,545,733,190	$ 45,647	11,500	4.8%	4.2%
2009	56,716	2,382,525,728	42,008	11,499	7.4%	7.0%
2010	56,354	2,418,319,202	42,913	11,555	8.7%	8.0%
2011	57,015	2,646,237,195	46,413	11,382	8.8%	7.9%
2012	57,727	2,774,879,163	48,069	11,215	7.6%	7.2%
2013	58,043	2,889,612,712	49,784	11,065	6.7%	6.1%
2014	58,476	2,917,250,688	49,888	11,050	5.7%	5.5%
2015	60,002	3,063,162,102	51,051	11,101	4.4%	4.0%
2016	60,236	3,175,581,684	52,719	10,696	4.0%	3.7%
2017	61,999	3,291,030,918	53,082	10,564	4.0%	3.7%

[1] US Census

[2] U.S. Department of Commerce: Bureau of Economic Analysis. Per Capita Personal Income represents the Dallas-Plano-Irving, TX Metropolitan Division. 2007 & 2008 are estimated based on changes in State of Texas personal income.

[3] Texas Education Agency Standard Reports - Enrollment. Totals include only students attending schools within City of Rowlett boundaries.

[4] Texas Workforce Commission (Rowlett specific data is unavailable for years prior to 2005).

Sources: U.S. Cenus, U.S. Department of Commerce, Texas Education Agency, Texas Workforce Commission

Table 16

City of Rowlett, Texas

Principal Employers (Unaudited)
Current Year and Nine Years Ago

	2017				2008		
Employer	Employees	Rank	Percentage of Total City Employment	Employer	Employees	Rank	Percentage of Total City Employment
Garland ISD (City schools only)	996	1	3.08%	Garland ISD (City schools only)	1,076	1	3.79%
Baylor Scott & White Medical Center	840	2	2.60%	Lake Pointe Medical Center	700	2	2.47%
Wal-mart Supercenter	396	3	1.22%	Wal-mart Supercenter	500	3	1.76%
City of Rowlett	414	4	1.28%	City of Rowlett	393	4	1.39%
DR Horton	250	5	0.77%	Target Corporation	275	5	0.97%
Target Corporation	175	6	0.54%	Senior Care at Lake Pointe	190	6	0.67%
Tom Thumb	135	7	0.42%	Rowlett Nursing Home	152	7	0.54%
Senior Care at Lake Pointe	130	8	0.40%	H & S Manufacturing	135	8	0.48%
DHI Mortgage	70	9	0.22%	Store Décor	126	9	0.44%
H&S Manufacturing / Walmart Neighborhood Market	65	10	0.20%	Albertson's, Inc.	125	10	0.44%
	3,471		10.73%		3,672		12.95%

Source: City of Rowlett - Economic Development Department and 2007 CAFR

City of Rowlett, Texas

Full Time Equivalent Employees by Function/Fund (Unaudited)
Last Ten Fiscal Years

Function/Program	Fiscal Year 2017	2016	2015	2014	2013	2012
General government:						
City council	3.50	3.50	3.50	3.50	3.50	3.50
City manager	6.00	6.00	7.00	5.00	5.00	6.50
City secretary	3.50	3.50	3.50	3.50	3.50	2.00
Financial services	20.50	24.50	22.50	22.00	20.00	20.00
Information technology	7.00	7.00	7.00	5.00	5.00	5.00
Public information office			-	-	-	-
Human resources	6.00	5.50	5.50	5.00	3.00	3.00
Buildings and grounds	7.00	7.00	7.00	7.00	7.00	7.00
Public safety:						
Police	116.25	115.25	114.25	110.00	110.00	110.00
Fire	79.00	79.00	78.50	77.00	77.00	78.00
Municipal court	7.00	6.00	6.50	7.00	7.00	7.00
Animal services	6.00	6.00	5.50	6.00	5.25	5.25
Environmental services	9.00	7.00	6.00	6.00	6.00	6.00
Public works:						
Administration and engineering	14.00	14.00	11.00	12.25	11.50	11.50
Streets	15.00	15.00	13.00	13.00	14.00	14.00
Fleet services	3.00	3.00	3.00	3.00	3.00	3.00
Traffic maintenance			-	-	-	-
Water and sewer	28.00	24.00	20.00	20.00	19.00	19.00
Drainage	2.00	2.00	2.00	2.00	2.00	2.00
Refuse	0.50	0.50	0.50	-	-	-
Culture and recreation:						
Parks administration	3.00	3.00	3.00	2.00	2.00	2.00
Parks operations	18.00	18.00	16.00	12.00	12.00	12.00
Community athletics			-	-	-	-
Community centre	11.30	11.30	11.05	10.30	10.30	10.00
Wet zone	20.70	20.70	20.70	20.70	20.70	21.00
Urban forestry			-	-	-	-
Library services	15.25	15.00	16.00	16.00	17.00	17.00
Development:						
Planning	10.00	10.00	9.00	4.25	4.00	4.00
Building inspections	10.00	11.00	9.00	2.50	1.00	1.00
GIS	1.00	1.00	1.00	1.00	1.00	1.00
Economic development	3.00	3.00	2.00	2.00	2.00	2.00
Total	425.50	421.75	404.00	378.00	371.75	372.75
Fund						
General	395.00	379.75	367.00	341.50	335.25	336.25
Water and sewer	28.50	40.00	35.00	34.50	34.50	34.50
Drainage	2.00	2.00	2.00	2.00	2.00	2.00
Wet zone	n/a	n/a	n/a	n/a	n/a	n/a
Fleet services	n/a	n/a	n/a	n/a	n/a	n/a
Information technology	n/a	n/a	n/a	n/a	n/a	n/a
Total	425.50	421.75	404.00	378.00	371.75	372.75

Source: City of Rowlett - Finance Department Budget Book

Fiscal Year			
2011	**2010**	**2009**	**2008**
3.50	3.50	3.50	3.50
4.00	4.00	3.00	4.00
3.00	3.00	3.00	3.00
20.00	21.00	21.00	22.00
5.00	5.00	5.00	5.00
4.00	4.00	5.00	6.00
3.00	3.00	3.00	3.00
7.00	7.00	6.00	6.00
110.50	115.00	115.00	114.00
76.00	76.00	76.00	77.00
7.00	7.00	7.50	8.50
5.00	5.00	5.00	5.00
6.00	6.00	5.50	5.50
10.50	7.00	9.00	9.00
14.00	14.00	14.00	17.00
3.50	3.50	3.00	3.00
-	-	-	-
20.00	23.50	23.00	23.00
2.00	2.00	3.00	2.00
-	-	-	-
2.00	2.00	4.00	4.00
12.00	12.00	11.50	12.00
-	-	-	-
10.00	11.00	9.50	9.00
21.00	21.00	22.00	22.00
-	-	-	-
17.00	17.00	16.50	16.00
3.25	3.25	5.00	5.00
2.00	2.00	4.00	4.00
2.00	2.00	2.00	2.00
2.00	2.00	2.00	2.00
375.25	381.75	387.00	392.50
339.75	346.25	343.00	350.50
33.50	33.50	33.00	32.00
2.00	2.00	3.00	2.00
n/a	n/a	n/a	n/a
n/a	n/a	3.00	3.00
n/a	n/a	5.00	5.00
375.25	381.75	387.00	392.50

City of Rowlett, Texas

Operating Indicators By Function/Program (Unaudited)
Last Ten Fiscal Years

Function/Program	Fiscal Year 2017	2016	2015	2014	2013	2012
Public safety:						
Number of police employees	116	115	111	116	110	110
Number of citations	7,903	7,828	11,684	12,657	10,241	10,870
Number of fire employees	79	79	79	78	77	78
Number of fire calls	1,676	2,332	2,520	1,603	1,316	1,245
Number of EMS calls	5,095	3,333	3,046	2,900	2,758	2,354
Fire inspections	958	1,247	916	1,586	622	1,153
Public works:						
Asphalt replaced (tons)	4,480	4,894	1,437	11,335	5,136	10,504
Concrete placed (cubic yards)	2,704	1,476	926	3,688	387	5,465
Concrete pavement (sq ft)	110,619	60,368	857	150,888	141,049	223,551
Culture and recreation:						
Volumes in collection	81,083	78,518	88,774	93,061	99,945	93,972
Development:						
Permits issued	189	285	183	119	78	87
Water and sewer:						
Number of water customers	20,338	19,920	19,786	19,201	20,178	19,383
Average daily water consumptic	6,926,000	6,622,000	6,409,000	8,444,000	6,505,457	6,959,891
Peak daily water consumption	14,375,000	18,134,000	22,907,000	12,396,000	15,803,000	20,270,000
Number of sewer customers	19,286	18,947	18,734	18,657	18,469	18,383
Average daily sewer usage	5,058,000	5,437,100	4,216,000	3,893,000	3,664,614	4,121,000

Source: City of Rowlett Departments

Fiscal Year			
2011	**2010**	**2009**	**2008**
111	115	115	114
10,675	20,188	22,587	18,507
76	76	76	77
1,295	1,278	1,160	1,361
2,384	2,572	2,421	2,496
1,450	992	1,166	1,365
6,823	5,562	1,457	3,270
7,389	8,862	14,313	3,184
302,292	359,275	495,007	171,989
75,103	106,436	100,480	93,451
27	28	52	97
19,311	19,227	19,354	19,006
7,227,667	6,196,262	6,363,270	7,422,493
22,606,000	17,772,000	16,238,000	17,373,000
18,323	18,304	18,388	18,456
3,695,811	3,723,123	3,720,899	3,529,445

City of Rowlett, Texas

Capital Asset Statistics by Function/Program (Unaudited)
Last Ten Fiscal Years

Function/Program	Fiscal Year 2017	2016	2015	2014	2013	2012
Public safety:						
Police stations	1	1	1	1	1	1
Marked police units	53	39	23	22	24	25
Fire stations	4	4	4	4	4	4
Public works:						
Miles of streets	531	551	378	466	466	531
Miles of alleys	105	105	105	105	105	105
Culture and recreation:						
Parks acreage - developed	609	608	608	608	620	608
Parks acreage - undeveloped	374	375	376	376	364	377
Libraries	1	1	1	1	1	1
Water and sewer:						
Water mains (miles)	270	262	259	256	225	254
Fire hydrants	3,050	3,020	3,003	3,003	2,097	2,093
Sewer mains (miles)	250	244	244	241	240	239

Source: City of Rowlett departments

Table 19

Fiscal Year			
2011	**2010**	**2009**	**2008**
1	1	1	1
25	25	24	21
4	4	4	4
530	534	534	534
105	105	105	105
608	607	607	607
377	377	377	376
1	1	1	1
255	255	253	253
1,908	1,876	2,012	1,948
236	236	235	235

Rowlett
TEXAS